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# LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 17th MARCH, 1943

Vol. II—No. 5

## OFFICIAL REPORT



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## LEGISLATIVE ASSEMBLY

Wednesday, 17th March, 1943.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

### STARRED QUESTIONS AND ANSWERS.

#### (a) ORAL ANSWERS

#### ALLOWANCES AND FACILITIES, ETC., TO DETENUS UNDER THE DEFENCE OF INDIA RULES.

†322. \*Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable the Home Member please state whether the persons detained under the Defence of India Rules in the centrally administered areas are being allowed newspapers, interviews, and facilities for writing and receiving letters?

(b) What are the classes of the detenues and what are their allowances? Are they allowed annas 12 and annas 9 by the United Provinces Government?

(c) Are the prisoners allowed to supplement their allowances from their personal funds? If so, to what extent?

(d) In view of the status and position of many of the persons who are detained and the abnormal rise in prices of commodities, do Government propose to consider the advisability of increasing the allowance?

(e) If the prisoners are not allowed to supplement their allowances, since when has this prohibition been adopted and what is the reason therefor?

The Honourable Sir Reginald Maxwell: (a) Security Prisoners detained in Chief Commissioners' Provinces are allowed newspapers, interviews and facilities for writing and receiving letters, in accordance with the provisions of the Central Government Security Prisoners Order, 1942, a copy of which has been placed in the library of the House. Security prisoners detained in connection with the recent disturbances are, however, not allowed interviews and are permitted to write two and to receive four letters per week only. Letters are limited to purely personal matters and correspondence is permitted only with members of the security prisoner's family.

(b) There are two normal classes of security prisoners, while a third class—called 'Q' class—has been introduced for security prisoners detained in connection with the Congress movement. The following are the daily scales of diet prescribed by the Chief Commissioners concerned:

*Delhi*:—/10/- for class I, -/8/- for class II and -/9/- for class 'Q'.

*Ajmer-Merwara*:—/10/6 for 'Q' class. (There are no security prisoners of other classes in Ajmer-Merwara).

*Baluchistan*:—Rs. 1/- for class I and -/18/- for class II.

(c) Security prisoners are allowed to supplement their allowances from their personal funds. The limit fixed in respect of class I security prisoners is Rs. 20 a month and in respect of class II Rs. 10 a month.

(d) Clause 4 of the Central Government Security Prisoners Order empowers Chief Commissioners to prescribe a suitable scale of allowance and Government are content to leave this matter to the discretion of Chief Commissioners.

(e) Does not arise.

#### ALLOWANCES AND FACILITIES, ETC., TO DETENUS UNDER THE DEFENCE OF INDIA RULES.

†323. \*Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable the Home Member please state whether or not with the coming into force of the Defence of India Rules any model rules for the detainees and their maintenance were made by Government?

The Honourable Sir Reginald Maxwell: In answer to the question, the questioner being absent.



(b) Did or did not Provincial Governments seek the advice of the Central Government in the matter of framing rules for the detenus arrested and detained for political reasons?

(c) Is it or is it not a fact that the United Provinces Government have stopped all interviews, letters and newspapers to all classes of political prisoners and, prohibited the supplementing of allowances from the prisoners' personal funds?

(d) Is it or is it not a fact that prisoners who had been given 'A' class before the 9th of August, 1942, and were availing of the facilities given to that class, were deprived of them after the said date? If so, what is the reason for it?

(e) Is it or is it not a fact that the United Provinces Government have made a new class of detenus for *goondas* and many of the political prisoners are being relegated to that class?

(f) In view of great hardship to which political prisoners in different provinces are subjected regarding interviews, supply of newspapers, facilities for sending and receiving letters, low scale of maintenance allowance and restrictions on supplementing the allowance, do Government propose to consider the advisability of framing model rules in consultation with the Provincial Governments, and bringing about uniformity in their treatment?

The Honourable Sir Reginald Maxwell: (a) and (b). The Government of India have made an order regulating the conditions of detention of security prisoners in Chief Commissioners' Provinces. An up-to-date copy of this order which is called the Central Government Security Prisoners Order, 1942, has been placed in the Library of the House. A copy of the Central Government's Order was forwarded to Provincial Governments who generally adopted the same principles in framing their own rules.

(c), (d) and (e). These matters concern the Provincial Government.

(f) No.

TREATMENT METED OUT TO PROFESSOR CHANDRA BHAI JOHRI, UNDER DETENTION.

†324. \*Qazi Muhammad Ahmad Kazmi: (a) Will the Honourable the Home Member please state if it is or it is not a fact that Professor Chandra Bhai Johri, M.L.A. (Central), was arrested and detained as a security prisoner under the Defence of India Rules on the 9th August, 1942, while he was ill and under Ayurvedic treatment at Benares?

(b) Is it or is it not a fact that in Benares Jail his condition deteriorated and so he was transferred to Lucknow Central Jail on the 17th January, 1943?

(c) Is it or is it not a fact that even at Lucknow he was not looked after in time and it was only when his temperature had risen to 104° that he was put in the General Ward, Balrampur Hospital, on the 27th January, 1943?

(d) Is it or is it not a fact that neither his brother nor his wife were informed of his serious condition, and when they came to know of it from hospital they were not allowed to see him till the 5th February, 1943, nor he was transferred to the Special Ward, in spite of their offer to bear the necessary expenses?

(e) Is it or is it not a fact that when the brother and wife of Professor Chandra Bhai Johri were allowed to see him on the 5th February, he was unconscious and in a precarious condition and was released in that condition in the night?

(f) Is it or is it not a fact that in spite of the medical help, he did not regain consciousness and passed away on the 10th February, 1943?

(g) If the answer to above be in the affirmative, do Government propose to consider the advisability of pressing upon the United Provinces Government the desirability of giving better treatment to prisoners under such circumstances?

The Honourable Sir Reginald Maxwell: (a) It is a fact that Professor Chandra Bhai Johri was arrested on August 9th, 1942. I have no information of his being ill or under treatment at the time of his arrest, but I understand that Professor Johri had suffered from a chronic disease of the heart for some twenty years.

†Answer to this question laid on the table, the questioner being absent.

(b) He was transferred to the Lucknow Jail owing to the superior facilities there for the diagnosis of heart diseases and for their treatment by X-ray and electro-cardiograph.

(c) His condition in the Lucknow Central Jail was satisfactory until January 22nd, when he had an attack of fever, developing into influenza, which necessitated his transfer to the Balrampur hospital on January 27th.

(d) On the same day, January 27th, Professor Johri's brother saw the Civil Surgeon, and was informed of the patient's serious illness. He asked to be allowed to visit the patient and was directed to obtain a pass from the District Magistrate or the Superintendent of Police, but he made no attempt to do so. On February the 3rd, when Professor Johri's condition became critical, a telephone message to this effect was sent to his brother. No one made any attempt to visit the hospital, however, until February the 5th, when Professor Johri's wife and brother were permitted to see him. It is not true that the authorities refused to transfer him to the special ward; he was in fact admitted to the special ward from the date of his admission to the hospital.

(e) and (f). Professor Johri was not unconscious when visited by his wife and brother on February the 5th and in fact he spoke to them both. Professor Johri was released and discharged from hospital that same day, at the request of his wife, under special arrangements made by the United Provinces Government. During his stay in hospital, Professor Johri refused to allow any blood examination or any other examination involving pricking with a needle. He also refused medicine stating that he believed in homoeopathy. Professor Johri died on February the 10th. I have no information as to his condition during the intervening period.

(g) No. Government repudiate the insinuation that this prisoner did not receive proper treatment.

#### NEWS AGENCIES OF THE ALL-INDIA RADIO.

**325. \*Mr. H. A. Sathar H. Essak Salt:** (a) Will the Honourable Member representing the Department of Information and Broadcasting be pleased to state the names of the news agencies which are supplying news items to the All-India Radio?

(b) Are all the news agencies recognised by the Government of India supplying news to the All-India Radio? If not, why not?

**The Honourable Sir Sultan Ahmed:** (a) Reuters, Associated Press of India and the United Press of India at present supply news to All-India Radio. The question of obtaining the service of Orient Press of India is under consideration.

(b) The Government of India have not formally recognised any News Agency. The question does not, therefore, arise.

**Mr. H. A. Sathar H. Essak Salt:** With reference to the second part of the answer to the part (a), will the Government see that the Orient Press gets the same subsidy as is given to the other News Agencies by the Department of Broadcasting?

**The Honourable Sir Sultan Ahmed:** I can make no promises, but the matter will be carefully considered.

#### PERSONS ARRESTED OR DETAINED UNDER THE DEFENCE OF INDIA RULES IN DELHI PROVINCE.

**326. \*Sardar Sant Singh:** (a) Will the Honourable the Home Member please state the total number of persons arrested or detained under rules 129 and 26 of the Defence of India Rules in the Delhi Province during the past six months?

(b) What is the total number of persons convicted of political offences during the past six months in the Province of Delhi?

(c) Is it a fact that such convicted prisoners are lodged in the various Punjab jails, some of which are at a distance of about 700 miles from Delhi?

(d) Is it a fact that a large number of Delhi prisoners, both convicted and unconvicted, are kept in the old Central Jail, Munir?

(e) Is it a fact that this jail has been selected for the Delhi prisoners at the instance of the Delhi Administration? If so, are the authorities aware of its unsuitability?

(f) Is it a fact that 70 per cent. of the Delhi prisoners have been suffering from malaria and other diseases in this jail? If so, have any protests of the prisoners been received? If so, what steps have been taken to remove them to a more healthy place?

**The Honourable Sir Reginald Maxwell:** (a) The figures for the period from the 1st September, 1942 to 28th February 1943 are as follows:

(i) arrested under Defence of India Rule 129 and thereafter detained under Rule 26—87.

(ii) arrested under Defence of India Rule 129 and released after periods of detention not exceeding two months.—69.

(iii) arrested under Defence of India Rule 129 and still detained, the period of detention not having exceeded two months.—17.

(b) In the absence of a definition of the term "political offences" I am unable to supply the desired information.

(c) The Delhi District Jail is operated in effect as a unit of the Punjab prison system; prisoners convicted in Delhi are at all times freely transferred to suitable jails in the Punjab and are distributed between those jails under orders issued by the Inspector General of Prisons, Punjab.

(d) I believe that some Delhi prisoners are in Multan but have no definite information.

(e) No.

(f) I have no reason to believe that the Honourable Member's allegation is correct. Certainly no protests to that effect have been received from the prisoners themselves.

**Sardar Sant Singh:** May I know if the facilities for lodging such a protest are provided to the detenus who are being detained in the Punjab jails?

**The Honourable Sir Reginald Maxwell:** They can make any complaint they like to the authorities in charge of them.

**Sardar Sant Singh:** Can they send their protest to the Home Department?

**The Honourable Sir Reginald Maxwell:** They should make their protests in the first instance to the jail authorities of the Punjab in whose charge they are.

**Sardar Sant Singh:** Will the Honourable Member enquire whether such protests were laid before the Superintendent of the jail in the Punjab that they were suffering from malaria?

**The Honourable Sir Reginald Maxwell:** No such complaint has reached me. If the complaints were addressed to me through the Punjab authorities, I have no doubt whatever that they would be forwarded to me.

**Sardar Sant Singh:** With reference to part (b), may I know since when he has been unable to understand the definition of the term "political offences", in view of the fact that the Honourable Member has too long been in service not to understand what the term meant?

**The Honourable Sir Reginald Maxwell:** If the Honourable Member will refer to my last speech on the subject he will appreciate the difficulties.

#### COMPLAINTS OF THE DELHI RED FORT DETENUS.

**327. \*Sardar Sant Singh:** (a) Will the Honourable the Home Member please state if it is a fact that, as a result of the deliberations of a so-called Security Conference of Police Chiefs of the various provinces, the Home Department of the Government of India have delegated unlimited powers to the police and the C. I. D. under rule 129 of the Defence of India Rules in the Delhi Province?

(b) Is it not a fact that respectable and educated persons are kept in dirty police lock-ups for months and no amenities are provided for the detained persons while they are in police custody in the Delhi Province?

(c) Is it a fact that a number of persons are being detained and kept in the dark and underground cells of the Red Fort, Delhi? If so, is it a fact that

persons detained there have invariably to be admitted to the Irwin Hospital? If so, for what ailments?

(d) Have any records been kept of the injuries of such persons?

(e) Was any complaint received from such persons or their relatives that third degree methods have been employed?

(f) Is it a fact that Mr. Nand Lal Mehta, an insurance agent of New Delhi, and Professor Giraj of Delhi, had to resort to hunger strikes as a protest against the police ill-treatment?

(g) Are Government aware of the strong public feeling against the alleged police treatment which is being meted out to Mr. M. M. Shah, Dyeing Master of the Delhi Cloth Mills, a person of officer's rank, who is at present detained and confined in the Red Fort?

**The Honourable Sir Reginald Maxwell:** (a) and (b). No.

(c) The Honourable Member probably refers to certain detention cells constructed in an old baoli in the Red Fort, in which two prisoners are at present confined. It is not correct that prisoners detained in these cells have invariably or indeed generally to be sent to hospital subsequently for medical treatment. On the contrary, out of all the prisoners who have been detained in these cells since August last only one, who was suffering from dysentery had to be removed to the Irwin Hospital.

(d) Does not arise

(e) No.

(f) The first of the two persons named by the Honourable Member refused to take food for five days from the 21st to the 26th December last. (He continued to take fruit juice during this period). This hunger strike was stated to be in protest against the arrest of the prisoner; there were no allegations of police ill-treatment. The second prisoner mentioned by the Honourable Member embarked on a hunger strike immediately after his arrest on the 22nd January, no reason being stated. He was transferred to the Delhi District Jail on the 26th January, 1943 and abandoned his hunger strike shortly afterwards.

(g) No.

**Sardar Sant Singh:** May I know if it is a fact that one of the detained persons was put on a block of ice in order to extort confession from him till he fainted and he had to be removed in that unconscious state?

**The Honourable Sir Reginald Maxwell:** The allegation is utterly false and fantastic.

**Sardar Sant Singh:** Is it a fact that some persons were detained in the cell next to the baoli and they wrote a protest to the Honourable the Home Member himself and it was at the Honourable Member's intervention that they were removed from that place?

**The Honourable Sir Reginald Maxwell:** I have no recollection of any such incident.

**Sardar Sant Singh:** Will the Honourable Member enquire from his office on this point?

**The Honourable Sir Reginald Maxwell:** If the Honourable Member wishes to draw my attention to it he should give me the particulars.

**Sardar Sant Singh:** May I know from the Honourable Member if it is a fact that baoli is the place where the female offenders used to be confined by the Moghul Kings of Delhi?

**The Honourable Sir Reginald Maxwell:** The cells in question were completed in November 1941.

#### HUNGER STRIKE IN DELHI JAIL BY MR. C. K. NAIR.

**328. \*Sardar Sant Singh:** (a) Will the Honourable the Home Member please state if it is a fact that Mr. C. K. Nair, an inmate of the Gandhi Ashram, has been on hunger strike for the last three months in the Delhi Jail?

(b) What are the reasons for his hunger strike and is he being forcibly fed by the jail authorities?

(c) What is the total loss in his bodily weight during the past three months?  
**The Honourable Sir Reginald Maxwell:** (a) The prisoner named was on hunger strike from the 18th November till the 3rd March, when the hunger strike was abandoned.

(b) I understand that the hunger strike was undertaken ostensibly as a protest against the arrest and imprisonment of Mr. Gandhi, but it seems likely that the prisoner was also actuated by the hope that if he went on hunger strike the authorities would not proceed with various cases against him. The prisoner was artificially fed throughout.

(c) Sixteen pounds.

**Mr. Lalchand Navalrai:** The Honourable Member said that the prisoner was on hunger strike with a view to see that the various cases against him were not proceeded against. May I know if these cases have been instituted against him now?

**The Honourable Sir Reginald Maxwell:** He has been convicted in two cases, others are pending.

### UNSTARRED QUESTIONS AND ANSWERS.

#### TREATMENT TO KHAN ABDUL GHAFFAR KHAN, AND OTHER POLITICAL PRISONERS IN NORTH-WEST FRONTIER PROVINCE.

**54. Sardar Sant Singh:** Will the Honourable the Home Member be pleased to state:

(a) the number of persons detained and convicted in connection with the civil disobedience movement in the North-West Frontier Province since August 9th, 1942, upto January 31st, 1943;

(b) whether it is a fact that Khan Abdul Ghaffar Khan is also kept as a detenu in some jail in that Province; if so, the treatment given to him;

(c) whether he is allowed to correspond with and interview his relations and friends, and to get newspapers and books;

(d) whether it is a fact that almost all persons undergoing imprisonment in connection with the civil disobedience movement have been tried and convicted under sections 107 and 109 of the Indian Penal Code and are placed in "C" Class and treated as ordinary criminals; and

(e) whether they are transferred from one jail to another under handcuffs and bar-fetters?

**The Honourable Sir Reginald Maxwell:** (a) The number of persons detained up to the 25th January, 1943, the latest date for which figures are at present available, was 403. The number of persons convicted up to the 11th February, was 1,423.

(b) The Government of India believe that Khan Abdul Ghaffar Khan has been detained as a Security Prisoner by the Government of the N.-W. F. P.

(c), (d) and (e). The Government of India have no information regarding these matters which are the concern of the Provincial Government.

#### ARREST OF KHAN ABDUL GHAFFAR KHAN.

**55. Sardar Sant Singh:** Will the Honourable the Home Member be pleased to state:

(a) the circumstances relating to the arrest of Khan Abdul Ghaffar Khan;

(b) whether it is a fact that, as a result of the lathi charge made by the police at the time of his arrest, he was also hurt; if so, the details of the injuries received by him; and

(c) whether it is a fact that he had to be X-rayed owing to the injuries received by him; if so, what did the X-ray report show?

**The Honourable Sir Reginald Maxwell:** (a) The matter concerns only the Government of the North-West Frontier Province. I understand, however, that Khan Abdul Ghaffar Khan with about 50 followers attempted to enter the Mardan district in defiance of an order prohibiting him from doing so. He was arrested after a struggle with the police in which he personally took part.



(b) and (c). As I have already said the matter concerns the Provincial Government and I have no information.

#### RULES GOVERNING THE TREATMENT OF SECURITY PRISONERS UNDER THE DEFENCE OF INDIA RULES.

**56. Sardar Sant Singh:** Will the Honourable the Home Member be pleased to place on the table of the House copies of rules governing the treatment of the security prisoners arrested and detained under the Defence of India Rules before August 9th, 1942, and the detenus arrested and detained under the Defence of India Rules after August 9th, 1942?

**The Honourable Sir Reginald Maxwell:** A copy of the Central Government Security Prisoners Order, 1942, which governs the treatment of Central Government's security prisoners has been placed in the library of the house. A copy of the order passed under clause 21 of that order, in respect of Security Prisoners detained in connection with the present Congress Movement, is laid on the table.

#### *Order issued under rule 21 of the Central Government Security Prisoners Order, 1942.*

In pursuance of clause (21) of the Central Government Security Prisoners Order, 1942, it is directed that the following modifications in the operation of the provisions of the said order shall be made in respect of security prisoners detained in connection with the present Congress movement:—

- (1) all such security prisoners shall be housed, in so far as accommodation permits and arrangements can be made, entirely separate from other security prisoners;
- (2) all such security prisoners shall be kept in one class, which may be called "Q Class", an appropriate scale of accommodation, furniture, clothing, diet and other necessities being prescribed for them by the Chief Commissioner on a scale approximately intermediate between the existing Classes I and II;
- (3) the provisions of rule 11 shall not apply to such security prisoners;
- (4) in modification of rule 13, such security prisoners shall be permitted to write two and to receive four letters per week, provided that these letters shall—
  - (a) be confined entirely to purely personal matters; and
  - (b) shall be addressed to and received from members of the security prisoner's family only.

*(Home Deptt. letter No. 43/12/42-Poll. (I), dated the 5th September, 1942.)*

#### TREATMENT TO DELHI SECURITY PRISONERS TRANSFERRED TO PUNJAB JAILS.

**57. Sardar Sant Singh:** Will the Honourable the Home Member be pleased to state:

(a) the number of persons arrested and detained in Delhi under the Defence of India Rules since August 9th, 1942, upto January 31st, 1943;

(b) the number of persons tried and convicted in connection with the civil disobedience movement and the disturbances that took place in the country after August 9th upto January 31st, 1943;

(c) the treatment that is being accorded to the detenus referred to in part (a);

(d) whether it is a fact that some of the detenus were classed by the Chief Commissioner, Delhi, as Class I security prisoners, and the rest as Class II security prisoners in accordance with the Government of India's circular of January, 1942, regarding security prisoners;

(e) whether it is a fact that so long as they remain in the District Jail, Delhi, they are given that treatment, but after their transfer to the Punjab jails they are not given that treatment, if so, the reasons for the same;

(f) if it is a fact that a batch of over fifteen of such detenus was transferred to the old Central Jail, Multan, in the first week of September, 1942;

(g) whether it is a fact that the jail authorities refused to give them the treatment they were entitled to as security prisoners and the matter was brought to the notice of the Chief Commissioner telegraphically; if so, the action taken by him; and

(h) if it is a fact that even now the Delhi detenus detained in the various Punjab jails are denied the treatment they are entitled to according to the Government's order, if so, the steps which Government intend to take in the matter.

**The Honourable Sir Reginald Maxwell:** (a) Between 9th August, 1942 and 31st January, 1943, the following arrests were made:

(i) Arrested on original orders under Defence of India Rule 26 and thereafter detained—37 (One since released)

(ii) Arrested under Defence of India Rule 129 and thereafter detained under Rule 26—37 (Six since released).

(iii) Arrested under Defence of India Rule 129 and detained for varying periods not exceeding two months—70.

(b) 724 sent for trial. 543 convicted

(c) The conditions of detention for prisoners detained in the Delhi Province under Defence of India Rule 26 are regulated by the Central Government Security Prisoners Order, 1942, as modified by an order passed under clause 21 of that order. As regards these, I would invite the attention of the Honourable Member to my reply to his question No. 56 today.

(d) Up to the 5th September, 1942, security prisoners were divided into two classes, I and II, in accordance with clause 3 of the Central Government Security Prisoners Order, 1942. After that date this classification was abolished for prisoners detained in connection with the Congress Movement, all of whom are now placed in the special 'Q' class referred to in the order passed under clause 21 of the Central Government Security Prisoners Order, 1942.

(e) and (h) By virtue of proviso (b) to sub-rule (5A) of rule 26 of the Defence of India Rules the authority to determine the conditions of detention for security prisoners transferred from Delhi to jails in the Punjab is vested in the Punjab Government but there is no reason to believe that the conditions of detentions in the Punjab are materially different from those in Delhi.

(f) Yes 17 prisoners were so transferred

(g) The prisoners referred to in reply to part (f) addressed a telegram to the Chief Commissioner on the 6th September, 1942. For the reasons indicated in the reply to part (e) no action was taken.

#### RULES FOR TREATMENT OF DELHI, SECURITY PRISONERS.

**58. Sardar Sant Singh:** Will the Honourable the Home Member be pleased to lay on the table of the House copies of the rules for the treatment of security prisoners of the Delhi Province arrested and detained after the 9th August, 1942, during their detention in the Delhi District Jail and in the Punjab jails?

**The Honourable Sir Reginald Maxwell:** As regards the rules prescribing the conditions of detention of security prisoners in Delhi, I would invite the attention of the Honourable Member to my reply to his unstarred question No. 56 today. Security prisoners detained in the Punjab by order of the Chief Commissioner, Delhi, are, under proviso (b) to sub-rule (5A) of rule 26 of the Defence of India Rules, subject to the Punjab Security Prisoners Rules. A copy of the latter cannot be laid on the table of the House.

#### TREATMENT TO DELHI SECURITY PRISONERS TRANSFERRED TO PUNJAB JAILS.

**59. Sardar Sant Singh:** (a) Will the Honourable the Home Member be pleased to state whether it is a fact that security prisoners arrested and detained after the 9th August, 1942, by the Delhi Government and now kept in the Punjab Jails, are denied the following privileges to which they are entitled according to the Security Prisoners' Rules observed in the Delhi Jail:

- (i) interviews with their relatives and friends,
- (ii) use of their own books or books of public libraries,
- (iii) use of writing material,
- (iv) outdoor games, e.g., volley ball and badminton,
- (v) supplementing of food at their own cost,
- (vi) use of furniture,
- (vii) Delhi newspapers,
- (viii) freedom of correspondence with their relatives and friends, and
- (ix) smoking?

(b) If the reply to part (a) be in the affirmative, what are the reasons for the same, and what steps do Government propose to take in the matter?

**The Honourable Sir Reginald Maxwell:** (a) I have no detailed information regarding the Punjab practice in respect of all the matters referred to by the Honourable Member. I have no hesitation, however, in saying that it is not a fact that security prisoners on their transfer to the Punjab are denied all these privileges. I would add that security prisoners are not allowed by any means all the privileges mentioned by the Honourable Member when detained in Delhi. Thus they are not allowed interviews, they have no access to books from public libraries—unless by this term the Honourable Member is referring to the jail library, they are only allowed to correspond with members of their family, not with friends, and on personal matters only; and they are not allowed to smoke.

(b) Does not arise

#### ELECTION OF MEMBERS TO THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

**Mr. President** (The Honourable Sir Abdur Rahim). I have to inform the assembly that upto 12 Noon on Monday, the 15th March, 1943, the time fixed for receiving nominations for the Standing Finance Committee for Railways, thirteen nominations were received. Subsequently two candidates withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies I declare the following Members to be duly elected:

1. Mr. Muhammad Muazzam Sahib Bahadur.
2. Mr. Muhammad Nauman.
3. Nawab Siddique Ali Khan.
4. Sir Muhammad Yamin Khan.
5. Maulvi Syed Murtuza Sahib Bahadur.
6. Sir Abdul Halim Ghuznavi.
7. Sardar Sant Singh.
8. Rao Bahadur N. Siva Raj
9. Sir F. E. James.
10. Khan Bahadur Mian Ghulam Kadir Muhammad Shahban.
11. Pandit Lakshmi Kanta Maitra

#### ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR ROADS.

**Mr. President** (The Honourable Sir Abdur Rahim). I have to inform the assembly that upto 12 Noon on Monday, the 15th March, 1943, the time fixed for receiving nominations for the Standing Committee for Roads nine nominations were received. Subsequently three candidates withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies I declare the following Members to be duly elected, namely:

1. Major Nawab Sir Ahmad Nawaz Khan.
2. Major Thakur Singh.
3. Hajee Chowdhury Muhammad Ismail Khan.
4. Mr. Ananga Mohan Dam.
5. Mr. B. L. Gray.
6. Mr. Abdur Rasheed Choudhury.

#### ELECTION OF MEMBERS TO THE STANDING COMMITTEE FOR THE POSTS AND AIR DEPARTMENT.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the assembly that upto 12 Noon on Tuesday, the 16th March, 1943, the time fixed for receiving nominations for the Standing Committee for the Department of



[Mr. President.]

Posts and Air, three nominations were received. As there are only three vacancies I declare the following Members to be duly elected:

1. Mr. Ananga Mohan Dam.
2. Maulvi Muhammad Abdul Ghan.
3. Mr. C. C. Miller.

#### ELECTION OF MEMBERS TO THE DEFENCE CONSULTATIVE COMMITTEE.

**Mr. President** (The Honourable Sir Abdur Rahim): I have to inform the Assembly that upto 12 Noon on Tuesday, the 16th March, 1943, the time fixed for receiving nominations for the Defence Consultative Committee, eight nominations were received. Subsequently two candidates withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies I declare the following Members to be duly elected:

1. Sardar Bahadur Captain Dalpat Singh.
2. Mr. Jamnadas M. Mehta.
3. Mr. M. Ghiasuddin.
4. Sir F. E. James.
5. Mr. Hooseinbhooy A. Lalljee.
6. Mr. Govind V. Deshmukh.

#### THE INDIAN TEA CONTROL (AMENDMENT) BILL.

**Mr. T. S. Pillay** (Government of India: Nominated Official): Sir, I move for leave to introduce a Bill further to amend the Indian Tea Control Act, 1938.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That leave be granted to introduce a Bill further to amend the Indian Tea Control Act, 1938."

The motion was adopted.

**Mr. T. S. Pillay**: Sir, I introduce the Bill.

#### THE INDIAN FINANCE BILL—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now resume consideration of the Finance Bill.

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, this is the fourth War budget of the Government of India; but it is the seventh or eighth measure of taxation for the country. Taxation has taken various forms; the extent to which taxation has been resorted during the last three years and a half was discussed at some length by me in the course of the debate on the budget. I pointed out on that occasion that an enormous amount of taxation had been levied. I also pointed out the extent to which borrowing had been resorted to. I will not repeat what I said on that occasion, but I will confine myself to the remark that taxation has already gone beyond the capacity of the country to bear its burden and that borrowing also has exceeded the limit beyond which it should not go. If further taxation is levied it will hit very hard the people of India, particularly the poor sections of the community, and if further borrowing is resorted to that will impose an unduly heavy burden on posterity.

Sir, in addition to these two measures of finding money for the war, there is a third expedient to which resort has been sought to be made by the Government, and that is a resort to the printing press. This generally goes by the name of currency inflation. Now, currency inflation is regarded by many economists as equivalent to a forced loan without interest, and by other economists as equivalent to a regressive tax. Taking it in any way, it is not a desirable form of raising money. Now the question is: To what extent have the Government resorted to the printing press? It may be pointed out that the notes in circulation have increased enormously since the commencement of the war. In

August 1939 the notes in circulation were 179 crores; by the 19th February 1943 these increased to 611 crores. That there is a further tendency to increase is shown by the fact that on the 26th February (the latest date for which figures are available), the note circulation amounted to 614 crores. There is, therefore, a *prima facie* case in favour of those who argue that there has been an inflation of currency. But I do not myself consider it as definite evidence of the extent to which currency inflation has been pushed; because, as is well known, inflation does not depend only on the volume of currency, but it depends also on the rapidity of the circulation of currency. Now, to what extent the velocity of circulation has increased or decreased we do not know. Therefore, I am not prepared to accept the *prima facie* case as final proof of the measure of expansion. Then, also, it is pointed out by many critics that prices have increased. Whenever there is any currency inflation it is reflected in increase of prices. Now prices have very largely increased. If we take the index number of prices for the year 1914 as 100, the price level has risen from 108 in August 1939 to 254 in January 1943. This has been urged as another evidence of inflated currency. But here, again, I should like to point out that there may be other causes (as a matter of fact, there are other causes) for the increase in prices. There has been a considerable increase in the demand for many commodities and there has been a substantial reduction in the supply of these commodities. It is my opinion, therefore, that, although there has been some inflation, the amount of inflation is not as yet very serious. But we should not look upon this situation with any degree of complacency, because if this inflation is allowed to go on it may lead to very disastrous consequences. I should like to remind the Honourable the Finance Member of the fate which overtook the German mark during and after the last European war.

In my opinion the increase in prices has been due more to other factors than to inflation. And what are the factors? The first factor is that there has been a greater demand for goods. The second factor is that owing to the war, production has been centred round the articles which are required for use in war and the articles which are used for the ordinary consumption of the people have been supplied to a less extent. Take, for instance, articles of food. In this case we find that there has been an increase of demand on account of the advent of a large number of soldiers to this country, and the priority which the Government has claimed for the supply of food grains to the troops has further complicated the situation. There has been, at the same time, a decreased supply owing to the cutting off of some sources and owing to the machinery for production of food articles having been turned to war purposes. The same thing applies to cloth. Formerly, a large number of mills in the country were engaged in producing cloth for the civilian population. But, now a major part of the mills is utilized for producing goods for war needs. That is one of the main reasons for the present increase in prices.

In regard to the question of food supply we had a full-dress debate in this House lasting for two days, and I do not wish to repeat anything that was said on that occasion. A Department of Food has been established, and I welcome this decision; but the success of this department will depend upon the measure in which the department will be able to command the services of men who possess character, who possess devotion, and who possess enthusiasm for their work. It will not do for this department to encourage bribery, corruption and favouritism to any extent whatsoever. There is another thing which this Food Department should have always in view, namely, the interests of the consumers. I understand that several conferences and committees have met, but the interests of the consumers do not seem to have always been kept in view. In order that the interests of the consumers may be safeguarded, there should be a Committee of this House which will be in constant touch with the activities of Food Department and make its suggestions from time to time.

[Dr. P. N. Banerjee.]

With regard to cloth, we have been told that organizations have been completed for the production and distribution of standard cloth. I believe the 1st of April has been named as the day on which the standard cloth will be available. Let us hope we will not be fooled on that day!

Now, coming to fuel and drugs, I find that much attention has not been paid to this subject either by the Government or by the public. Fuel is one of the essential necessities of the people; drugs are even more important because they are needed by people who are sick. It is difficult to see why the production of drugs in this country has not received the attention of the Government to the extent that it ought to have received. The supply of quinine is so scanty that in some places it is almost unobtainable, and where it is obtainable it is obtainable at very high prices. Yesterday evening in order to get quinine for a relation of mine who has recently arrived from Bengal, I made a search of many places in New Delhi, but could not find a single ounce of quinine anywhere. I had to go to Old Delhi and there with the greatest difficulty I was able to procure six pills only at a price of Rs. 1-2-0. Now, you will see to what extent the price of quinine has been increased. The price of a pill of quinine was only one pice or even less in pre-war days. At present it is three annas, that is to say there has been a twelve-fold increase. And similarly the increase in other drugs has been ten-fold, twelve-fold, and sometimes twenty-fold. This is a thing which ought to be taken into consideration by the Government. As regards quinine, the deficiency has been due entirely to the lack of foresight. There is plenty of land available in India for the production of quinine, and it was from this House that it was urged again and again that India should be made self-sufficient with regard to the supply of quinine. But no heed was paid to our request; with the result that in India where Malaria is prevalent almost throughout the year we have such acute shortage in the supply of quinine.

This brings me to the question of increased production. Increased production is what is needed at the present moment, both with the object of decreasing the prices and with the object of supplying the prime necessities of life. Now, how can increased production be made? I made some suggestions the other day as to the increased production of food supplies and other necessary things. I urge now that proper steps be taken without any further delay. The increased production of drugs and other articles requires the supply of certain chemicals. This brings me to the question of the industrialization of the country. The time has come when we should make a determined effort to produce heavy chemicals in this country because on the production of these heavy chemicals depends entirely the drug industries of the country. Then, also other articles of manufacture should be taken in hand. We from this side of the House have again and again urged that the key industries should be developed in this country, that motor cars should be manufactured, that locomotive workshops should be established, that shipbuilding should be taken in hand and that aeroplane factories should be started. For a long time our protests went in vain; it was only last year that some beginnings were made in some of these directions, with what results we do not know as yet. But we do not find any great sign of production of all these commodities. They are required not only for the ordinary needs of the country but for war needs. If the Government had taken time by the forelock, there would have been much greater production for the war effort of the country. However, better late than never, let us hope that no further time will be lost in encouraging the rapid industrialisation of this country. Industrialisation may be fostered by the Government in various ways—by having large-scale industries to be established in the country, by the promotion of new industries, by guaranteeing of minimum dividends on the capital of each industry, by supplying cheap power to the factories, by affording transport facilities, and last but not the least, by the purchase of goods which are produced by the industrial concerns. Unfortunately, however, the Government have not

encouraged industrial development of the country to any very large extent by any of these methods. The only measure which the Government have so far taken to foster industries is tariff protection; but even tariff protection has been given in such a way that the industries of the people of India have to stand unfair competition with industries established in this country by foreigners. This policy will have to be changed, if a better state of things is to be brought about in this country.

Industrialisation would produce another great advantage to the Government. It would bring more money into their coffers by way of increased proceeds of income-tax, super-tax and other taxes; and it will also augment the borrowing power of the Government. If, therefore, greater industrialisation had been in progress at the present moment, the Government would have been able to levy greater taxation in the country and to borrow to an extent much more than is possible at present.

Now, what is the compelling necessity for taxation and borrowing and for a resort to the printing press? This is war emergency. The cost of military expenditure has increased so much during the last three years and a half that the Government has almost come to their wits' end in order to find money for it. The cost of military expenditure has increased mainly because of certain measures which have been taken by the Government with regard to the financial settlement. The other day the question of financial settlement between India and Britain was discussed at length by some of us. I pointed out that, although the terms had not been varied, a different interpretation had been placed on the implications of the settlement, I pointed out also that "joint war measures" (which was a new term used in regard to the united efforts of Britain and India) had the effect of placing India on a worse footing with regard to the settlement than before. This point was further emphasised by some other speakers, particularly by Sir Cowasjee Jahangir. Sir Cowasjee Jahangir in this connection made a very useful suggestion. The Honourable the Finance Member had said that the "joint war measures" accounts were placed before the Public Accounts Committee for their scrutiny. But may I point out to him the function of the Public Accounts Committee? It is the function of that Committee to consider and examine the audit and appropriation reports of the various departments of the administration. It is not its duty to consider the policy with regard to the future. Its eyes are turned entirely on the past and it has nothing to do with the future. Therefore, to say that the matter was considered by the Public Accounts Committee and to imply that the Public Accounts Committee had a voice in considering the policy of the Government with regard to India's share in the war measures is to throw dust in the eyes of the public and of the Members of this Assembly. The suggestion made by my Honourable friend Sir Cowasjee Jahangir was that there should be an *ad hoc* committee to go into the question of these joint war measures. I fully support this suggestion. It should be its duty to examine very carefully what amount of expenditure ought to be placed on the shoulders of India and what amount of expenditure should be incurred by the British exchequer.

Before I proceed to the discussion of other important subjects, I will briefly say a few words on the sterling balances. On this question the reply of the Honourable the Finance Member given the other day was nothing hesitating and unsatisfactory. He was not able to enlighten us on what was the exact situation of the Government with regard to its safeguarding of these balances. It should be remembered in this connection that these balances have not originated from any generosity or magnanimity on the part of the British Government or the Government of India. They represent the sacrifices and the sufferings of the people of this country. Therefore, the present of this money will not be a favour on the part of the Government but a recognition of the fact that the people of this country have made a sacrifice for the British Empire. When I raised the question of the sterling balances, I pointed out that the Government should be careful to safeguard these balances.

[Dr. P. N. Banerjee.]

decision with regard to the place where the capital goods would be purchased. No reply was given. And when Sir Cowasjee Jehangir repeatedly asked the same question, the answer given by the Honourable the Finance Member was of a very evasive character.

Sir, in this connection I should like to point out that proper steps should be taken by the Government in order that these balances are not squandered or frittered away or that their value should diminish. Readers of financial journals and of the daily newspapers are aware that many schemes are being discussed in Europe and America regarding the stability of currencies of the different countries. Economists like Lord Keynes and others are engaged in this discussion, and it would be the duty of the Government of India to keep itself in touch with these discussions and to keep the point of view of India always before them. For this purpose, I suggest that there should be a committee of this House which should be kept in close touch with the current thought in Europe and America, and with the decisions which are taken in those countries in order to safeguard the currencies of the different countries.

The Honourable the Finance Member has also failed to throw much light on the very complex question of Lease-Lend arrangements between India and America. Perhaps he is himself in doubt as to what should be done in this matter. He made a suggestion the other day in the course of his budget speech that the Government of India might enter into a direct agreement with America on this question. I welcome this suggestion, but this should be subject to two conditions. In the first place, India should not be made to pay anything beyond what is required for its home defence, and secondly, India's contribution to war effort should be confined within the limits of her capacity to pay. In this connection I should like to refer to the observation which was made by Mr. Roosevelt, President of the United States, who said that the contribution of every country towards the united effort of the United Nations should be in proportion to its ability to pay. That is a sound proposition which should always be kept in the forefront of the negotiations in this regard.

This brings me to India's contribution to war effort. India's contribution, as we have already seen, in money has not been inconsiderable, considering the poverty of this country. But India's contribution in respect of material has been immense and her contribution in respect of men for fighting the battles on different fronts has been very great. I hold in my hands a Government publication entitled '*India's Part in the Third Year of War*', which clearly points out what India has done and is doing. I will quote only one sentence from this book and that will serve my purpose.

"During the year troops from India fought brilliant actions on many of the war fronts. They have upheld from Hong Kong to the Middle East the best traditions of India's fighting men, and on many a battle field the Axis powers have felt the full force of India's sturdy warriors."

Further, this pamphlet refers to the "glorious part played by Indian soldiers in the present great conflict."

India has made a great contribution, but India's contribution would have been much greater,—five times or ten times as great as the present contribution,—if India had been a free country instead of a subject race. But this freedom has been denied to India. Repeatedly have the people of this country demanded their freedom which is their birth-right, but the Government have always turned a deaf ear to these demands. Time went on, month after month elapsed, year after year rolled by, and still nothing was done. And this drove some people to a policy of desperation, and we find that on the 8th August, 1942 the Congress passed a resolution with regard to the starting of a civil disobedience movement. Opinions have differed with regard to the manner and the timeliness of this struggle, but there has been no difference of opinion as to the justice of the demand made by the Congress. Every party in this country is pledged to complete independence for India, but no steps have been taken.



by Government to meet this desire in any degree. Not only has not this demand been conceded, but even demands of a very much smaller scope have been brushed aside. The Non-Party Leaders' Conference made several suggestions, various suggestions have also been made by other bodies. In this House I made a suggestion the other day that there should be a responsible Government established in the country and that the responsibility of the new Government should be to the present Assembly. No great changes would have been necessary if this demand had been met, but this demand was brushed aside. And what has been the action taken by the Government to meet the wishes of the people? The resolution of the Congress of the 8th August last was met by a stern policy of repression.

I and my Party have always condemned mob violence and acts of sabotage, and we have said that all legitimate steps should be taken to put down mob violence and sabotage. But the Government went much further and the counter-violence of the Government with which the violence of the mob was met was of the most astounding character. This was a policy of vindictiveness and frightfulness, and the brunt of the policy fell not so much on the persons who were guilty as on innocent persons. If you want to have evidence of what occurred in different parts of the country, go to Midnapore. That unfortunate district was harassed by Nature, and on the top of this the greatest harassment came from the servants of the Government. I hold in my hand a document describing the horrors which were perpetrated in that district.

"But in spite of our best efforts, indiscriminate arrests have been made, innocent persons assaulted and shot down and oppression has been carried on in some parts in a manner hardly creditable to any civilised Government."

And the most abominable part of it was

**The Honourable Sir Reginald Maxwell** (Hon'ble Member) May we know from what document the Honourable Member is reading?

**Dr. P. N. Banerjee:** I will tell you presently.

**Mr. President** (The Honourable Sir Abdur Rahim) The Honourable Member must tell the House now what he is reading from.

**Dr. P. N. Banerjee:** I am reading from certain letters which were written by no less a person than the ex-Finance Minister of the Province of Bengal.

**Mr. President** (The Honourable Sir Abdur Rahim) To whom was the letter addressed?

**Dr. P. N. Banerjee:** To the Governor of the province. The most abominable part of the whole story is to be found in the fact that there were many cases of outrage on women.

**The Honourable Sir Reginald Maxwell:** May I ask whether that document was published or not?

**Dr. P. N. Banerjee:** It was not. I hold in my hand statements of various persons.

**The Honourable Sir Reginald Maxwell:** I submit that the Honourable Member should not read from unpublished documents.

**Dr. P. N. Banerjee:** I hold in my hand a large number of documents containing details of outrages on women and the evidence which is given here is in my opinion trustworthy.

Now, we have heard of the happenings at Chumur. It is well known to the Government officers that the honour of women is held in the highest regard in this country; if the present Government is unable to safeguard this honour, then the Government has no business to exist in this country. I firmly believe that the happenings in Midnapore and Chumur will stand for ever as a disgrace to the British administration in India.

Sir the Government may or may not admit it, but in America and in England many of the newspapers and journals published accounts of these things and they said that the most stern oppression was visited on the people in trying to put down acts of violence and sabotage. And what has been the result? The result has been a great intensification of discontent in this country.

[Dr. P. N. Banerjee.]

Six months ago, I said in this House: "The administrator has played his part; let him now make room for the statesman". But, unfortunately, no statesman has been forthcoming during this period. The Government of India have gone on in their usual way. They have continued their policy of vindictiveness and frightfulness. And what has been the attitude of the authorities in England? I am glad to be able to say that the more enlightened section of the British people, including the British Press, has often urged sympathetic treatment towards the people of India. I am even more grateful to the politicians, the journalists, the professors and the authors of the United States of America for the great sympathy which they have evinced towards India's struggle for freedom. But, unfortunately, the authorities in England have not changed their previous attitude. What did Mr. Churchill say with regard to India's demand? His reply was: "There is at the present moment in India a large number of white soldiers,—larger than there ever has been before". In other words, India is to be held down by brute force. Then, again, what is his policy with regard to India? He says that he did not accept the position of the first officer of His Majesty, "in order to preside over the liquidation of the British Empire". He stands firm by the policy of imperialism, and his satellite and subordinate, the Colonial Secretary, sings the praise of the Colonial system. In my opinion, Mr. Churchill is closely following the policy which was followed by Lord North in regard to America, and I have no doubt the consequence will be the same in this country as it was in America 150 years ago.

There has so far been no change in the intention, programme and policy of Britain with regard to India. If this policy continues, what will be the consequence? Possibly, the present war will be won by the combined forces of the United Nations, but what will come after that? What sort of peace will be negotiated then? Will it be a true and lasting peace, or will it be merely an armistice which will be a preparation for the third world war?

Sir, on the ground of denial of freedom to India, on the ground of the continuance of the policy of oppression and repression, on the ground of the non-redressal of the grievances of the people, and on the ground of the extreme poverty of the country, I oppose the motion for the consideration of the Finance Bill.

**Mr. Hooseinbhoy A. Lalljee** (Bombay Central Division: Muhammadan Rural). Sir, in view of the fact that many Honourable Members have touched the financial aspect of the Budget specially our party members, Khan Bahadur

12 Noon

Shahban and Mr. Soni and my friend Sir Cowasjee, Sir Zia Uddin and Dr. Banerjee, I do not propose to go into details nor do I wish to go into matters which have been discussed with regard to the prevailing internal arrangements between the people and the Government about which I had spoken the other day on my cut motion. But I must say that although we acknowledge that in the circumstances in which the Honourable the Finance Member is placed, he has submitted to us a budget which could be considered to be a budget on which we could rely to some extent and a budget which we have to accept owing to the circumstances in which we are placed at present. We are fighting this great war for the last four years. In fact, we are plunged in a total war and we all agree that the salvation of the people of this country to attain freedom and of many other nations depends on the success that we achieve in this war. The contribution that this country has made and is making is great. It is an acknowledged fact that during the first two years of the war it was the Indian soldier and the Indian supplies that to a very large extent kept up the war. It cannot be denied that even now we have nearly half a million soldiers fighting for the cause of freedom. It has been said many times and I regret it very much that our soldiers are mercenary soldiers. What do we pay them? Whatever may be the amount, I put it as a token payment and nothing more. It is the real sacrifice on the part of these people who have

gone out from their country to the various other parts of the world and even to those parts where, as ordinary citizens of the British Empire, they were not allowed to enter as free or equal men. They have gone to the shores of those countries the people of which always attempted to drag them down and to keep them at arm's length. Let me tell those people through you, Sir, to realise what their condition would have been if these poor Indians had not gone to their help and yet they have no voice in the international affairs, they have no Colonies and no Empires, they have no export or import policy of their own. In fact, they have got nothing which other nations have got. We are entirely dependent upon the mandates that have been issued and which, under the Constitution, we are bound to follow. My friend Sir Cowasjee Jehangir has rightly drawn the attention of the Honourable the Finance Member to the most intricate position in which we are with regard to the finances. The allocation of the military expenditure is a great question. Our Finance Member was unable to describe to us as to how these joint war measures stand even after the four years of the war. We are still to learn from him—probably he is still learning from England—as to what is really our position. We are placed in this position. I have invariably acknowledged that the Finance Members of the Government of India and also many other important Members of the Treasury Benches have gone out to plead for the cause of India and they have done it honestly and sincerely for the country. But we all know that they have got to consider, they are bound to consider and they are bound to agree to what the higher authorities will inflict upon them. However, we find that in the adjustment that the Honourable the Finance Member has tried to bring about there were occasions when the highest authority, whose decision both he and we have got to follow, did ask for something more than what the Finance Member conceded. This is a most important question to consider that the authority which is to give the final decision did put in claims which our officers resisted. In this position, may I ask the Treasury Benches whether it would not be fair and equitable if they really wished to fight the case of India to have the backing of this House or of the people of this country? I know very well the difficulties that are inherent in that question. But surely when negotiations are to take place with authorities whose decision cannot be flouted, the Treasury Benches ought to welcome and ought to insist and desire the fullest co-operation of this House and of people at large. If that is the equitable position, I ask in all earnestness why the Treasury Benches do not appoint a Committee or more than one Committee of this House. You should talk to persons whom you believe to be the representatives of the people and whom you ought to believe as representatives of the people, discuss with them the problems of the country and then go on with your negotiations and say that these are the popular sentiments and popular views. I ask if this appeal of ours after four years of the war and after increasing our liabilities by crores of rupees is an unfair one? Should it not be conceded to us? If all fairness, I ask, what have you left to the people now? Salt has been taxed, sugar has been taxed, matches have been taxed, the vegetable ghee is now being taxed, tobacco is to be taxed, postal letters and postcards and telegrams have been taxed and what not. Furthermore, railway freights and fares have been taxed. My friend says, no. I am sure he does realise the comparison between the freight and fare rates prevailing in this country before he took over the charge and those which prevailed before the war. They have gone up by a large percentage and what is the justification for it? Just to make up the railway budget and to give more surplus to the general budget which you badly need. It is a fact that you have taxed every conceivable thing and it has also been acknowledged that this is one of the poorest countries in the world. The income of Indians stands in no comparison with that of the people in Europe far less of England and America.

Now, Sir, what is going to be our condition after the war is a question on which I wish to say something more. All the resources have been taxed. We



[Mr. Hooseinbhoy A. Lalljee.]

must carry on this war and we must find out resources and tax as much as possible, since we have been plunged into this war. In these circumstances, as my Honourable friend Dr. Banerjee suggested we have got to find out ways and means by which those who are more powerful and those who have got sources by which they can make up should consider the position of this country which has no resources, no Empire and no business outside this country, and how to make up. In such a state of affairs what has our Government been doing. We do not find anything being done. Let us hope that within the next six months this great war ends and we are successful. I ask my Honourable friends on the Treasury Benches how are you going to meet the huge debts that this country has to pay for this great war?—the debts I will point out very soon—all the taxes that you have put on people, the loans and the currency above all. These are all debts. The businessman has got to consider that. In fact we have to consider the position of this country and its people in 1937, as compared with what it will be after the war. And then to consider furthermore how are we going to make up all these huge taxes.

**The Honourable Sir Jeremy Raisman** (Finance Member): I understand my Honourable friend to imply that the moment the war ended India would be called upon to liquidate some debts, in the nature of war debts. Is that the meaning or has he got some more obscure meaning which I do not know?

**Mr. Hooseinbhoy A. Lalljee:** It may be obscure to you but very plain to the businessman. We have put so many taxes on the people and those taxes will have to be removed. We have to remove them after the war. Then there will be all these deficits. You have floated loans and you are borrowing money in treasury loans and in short term loans and the sterling balances are lying. We have got to consider all these plain questions. Furthermore, we have got to consider that we have no Empire and how to make up. Are we going to allow the country, to remain as it is or even worst than what it was in 1937. How much country demands, for education, health, sanitation and what not? It is no use shutting our eyes to these facts. I do not want to say more on this; many friends of mine know, even the world at large knows what is the condition of India and how much does she require for the welfare of her people. Sir, we find that nothing has been done with regard to what our position would be after the war. On the other hand, we find as reported on the 10th March, 1943, that Mr. Eden has made the following statement: He said, "no official invitation has been received from the U. S. Government to discuss post-war economic policy". The recent proposal of the U. S. Government he welcomes. Then he says, "for the last six months the British Government had discussed various post-war financial questions of common interest with the Dominions and India". Sir, we have heard nothing in this House. May we know something about what is going on? Are we not interested? Do not we contribute? Don't we contribute sufficiently? What about our prosperity and what about our future? We have heard not a word. I do not know whether these consultations will be continued or not. He says further that there are a number of international departments under the general guidance of Mr. Williams, Minister without Portfolio, who is studying this problem and preparing ground for negotiations between the United Nations. After this is declared in the British Parliament; what do we find, we find a conference is held at Washington and a Senate resolution is placed before President Roosevelt which had been sitting to discuss the United Nations war time collaborations and peace time aims. They reported that an agreement of a particular objective was reached. Mr. Eden did not attend the Conference. Observers thought that he was expected to take great interest in the proposal. Therefore, Sir, it is not only admitted in the House of Commons that for six months they have been considering these matters but that America is also considering and in fact proposals have been made up which, as reported, are an agreement of a particular objective. It is not

ly here that I stop, but I will take you further. Sir, we find that only on the 11th March, Marshal Smuts of South Africa not only touches the Atlantic Charter but also the finances and financial position of the Allied Nations after the war including that of the German people. A question was directly put to him, which is very important for us, will the United Nations in your opinion be forced to undertake to guard world peace by sphere of influence or by some type of international police force? Now, the sphere of influence is a thing that we, who have travelled in connection with business outside India, fear the most. The whole world was divided among certain nations in a well known fact in the form of sphere of influence and that was nothing but pure and simple exploitation of weak nations by powerful nations. I do not hope and trust that any such monstrous scheme is now under contemplation with regard to this war. We have seen that the last great war broke out, as a result of the sphere of influence Germany was allowed, which included part of East Africa. Hereafter Great Britain took over all that part of East Africa and South Africa as given certain mandates, Government of Rhodesia was created, Australians were given mandates, New Zealanders were given mandates and last but not least mandates were given to all the victors. What has been the result of it? The result has been that this great war has again come up. The Germans and Italians wanted more and more colonies and the real meaning of having colonies is to have an opportunity pure and simple for exploitation of the people of that colony, and this is so well known that no one can deny. In connection with the establishment of an Empire, the phrase "Exploitation" also carries the right of doing something for the people in the shape of administering such justice as to them may seem proper and also governing the poor people of the soil in the way they like. Now, that phrase has been recently turned into something else; they call themselves trustees. Hereafter, I do not know what term will be applied to this phrase. I do feel that now that Government fully know that the people of this country are looking into these matters, they will clear the position of this country as soon as possible so far as this important matter is concerned to all the Nations. I may point out that not only South Africa, but even New Zealand has made bold to say they want to keep India under their rule or influence. The other day Mr. Nash who happened to be for a long time the Prime Minister of New Zealand, and who is now stationed in America goes to the extent of saying, "we want to hold India for strategic purposes. We must have India for all time because from there, we can defend our Empire, our homes". Mr. Nash, a New Zealander—the smallest country—wants to hold any country for strategic reasons, he wants to hold this as the strategic ground, as a battle field for his protection. We have to feel this humiliation and keep quiet, because he is flying the Union Jack and Britishers have taken possession of my country and would not allow us to teach a lesson to New Zealand who claims a share therein. Dare anybody come forward and tell my people, 40 crores of people, who are fighting this war so boldly if we were free people, let alone that New Zealand who wants to hold India for strategic purposes in order to save their own small country. Sir, this is the position of other dominions as well.

The next point which I want to put as a business man and to which I draw the attention of the Commerce Department, is this. Other people are already finding the prospective scramble for raw materials after the war. Even the question of division of raw materials after the war is being settled, as if, we are going to be left all along and for all time as an agricultural country. There is to be no industrialisation. I find a Reuter's message dated Washington, 28th February where the Vice-Chairman of the War Production Board in a statement issued said "the combined raw materials board on which Great Britain and United States of America are both represented may help to solve the world wide scramble for raw materials after the war". It is very tragic to see that even our raw materials, under the guise of spheres of influence, are to be taken,

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away from us without our having any say therein, they are to be taken away probably by the threat of the presence of white soldiers whom Mr. Churchill has kindly sent us. What is the meaning of all these? What is going on? Can my Indian Government tell me what is going on? The other day when I moved a cut and we asked for more Assembly sessions to know what is going on, we were after a great fight told that we would have another session in August. My country's raw materials are being taken away, my country is going to be put under the control of New Zealanders and others for strategic reason and still our Government here do not know or keep mum. They do not want to place any such things before us or to consult the Assembly. Probably and with all due deference to the Treasury Benches I feel they themselves do not know what is going on and what is happening. Otherwise, they cannot honestly keep all these things away from our knowledge. What has been going on for the last six months in England, America and other places relating to our country is our concern. Many times we hear a lot about the intentions of Americans. Well, Sir, the Americans are good people, But it is a fact that they have come forward in their own interests in our country that is to defend their Empire, to defend China where they have large interest. We have nothing against the Americans personally. This is their opportunity to keep up their Empire and they are availing of it. When Americans do take advantage of our geographical position, I won't put it more than that and when Americans also wish to attain their objective through the co-operation and help of the all United Nations including India, they must understand that among the United Nations there is the Indian nation who has been fighting hard this war and that they should be consulted. Neither the Americans nor any one else can take away anything now from us and they cannot settle matters without our consent. I was not surprised to read the other day the suggestion that the new League of Nations that should be modelled should not be on the old type, but that the League of Nations should be armed to keep out the aggressors and to watch all strategic places in the world. Let us tell all of them at once that under no circumstance in the guise of watching the strategic places, India will come under the control of any such League of Nations. So that we may be watched and looked after and policed by England and Americans, let alone the little New Zealanders and others. Well, then I also ask have we any voice in any part of the world? It will be said that like ourselves, every country is making huge sacrifices. I admit that every country is doing something and is incurring heavy debts, and some of them are making heavy sacrifices, I admit all these, but they have got one great consolation that they are defending their country and their Empire, that they are defending their riches, while we are defending our poor country and helping others also. At the end they will combine and make some money from outside their own respective countries. But what opportunities are provided for Indians? What would be our condition hereafter? That is what I ask the Honourable the Finance Member and the Treasury Benches to tell me as a business man. What is going to be our condition after the war? With all the sacrifices of men, money and materials, what is going to be our future? How are we going to help us to recoup all this as also the money lost, how are we going to maintain our position as an equal among the other nations of the world after having made so much sacrifices? Are we ever going to improve the condition of the masses in this country? When we referred to the sterling balances lying idle in England, we were told that we would get machinery after the war. But, Sir, what we need the most and urgently as soon as is possible is to provide something for our masses who are starving. We want improved agricultural facilities first. In how many villages do we find pure drinking water? It is well known to the world at large that India, mostly still an agricultural country, the great majority of people live only in small and small villages although they all happen to be British India and that our Government have not been able to provide them with pure drinking water.

and any sanitary arrangements. Leave aside schools or education let us have at every village pure drinking water first. In most parts of the country, there are not sufficient irrigation schemes even where large members of our masses are dependent on agricultural produce. I wish to submit that it is really high time that our Treasury benches took steps to prevail upon the powers who are more powerful than the Government of this country and impress upon them that people of this country are determined to take part in all questions that are going to arise after the war to improve their condition. In fact the Government of India should come forward and tell the British Government that unless and until we can assure the people that something can be done for them, they will certainly be most discontented, after all the sacrifices they are making for war and for the United Nations. It is undoubtedly wrong, unfair and unjust on the part of the United Nations to leave out India and consider about reconstructions in regard to their own interests and their own countries. I really suspect whether India, really, comes into the picture at all when reconstruction is considered. The other day, I read about the arrangement made between America and Canada about the debts. The arrangement seems to be that because Canada and America have similar problems in this war, both were seeking to avoid the creation of uncollectable and trouble breeding war debts and the American Government believe that the initiative of a constructive plan was already overdue. So, I submit that whatever may happen to other countries, the finances and the position of India must be put right. So far as our commerce and industry are concerned, we ought to have opportunities for developing the same in the way we like. In fact I should say that Government ought to have two or three Committees to look after this reconstruction of India's including debt and commercial position as well as industrial position. If you have no faith in the Members of this Assembly who are representatives of the people, by all means avoid them, but have men of your choice provided they are capable and honest and consult them, but you must do as all nations are doing we cannot allow the position to remain as it is existing now. But you must have, I repeat, separate committees appointed for the war expenses for future consideration of debts, and for liabilities which we may be asked to pay, and which we must not agree to unless fully considered as to whether they are fair and wise, and, above all, whether we shall be in a position to pay that considering the condition in which the people of this country have been and are at present. I must say that the prosperity which we see in our Budget figures at the present moment is due to the enormous amount of taxation—from income-tax, super-tax, surcharge, excess profits tax, —and the Railway Budget. My Honourable friend, Sir Cowasjee Jehangir put down the figure income tax, etc., at 75 crores. I do not agree with him. In the first year of the war there was nothing of the kind; it may be that in this year and hereafter you may have something more but this is not going to be your income after the war. In the like manner, you are not going to have 80 crores surplus in the Railway Budget. We knew very well the pitiable condition of the railway finances just before the war when we had to put obstructions in the way of Road Transport development. So, if you really take into account the fact that as soon as the war ends you are going to lose nearly 70 crores on account of income-tax, super-tax, excess profits tax, etc., and 80 crores of railway surplus, where will you be and how are you going to make it up? It may be said that war expenses may be reduced. Quite right, they may be reduced. But, on the other hand, what will be the actual position? There are now two million of people serving in the Army. What are you going to do for them? Then, my Honourable friend Mr Jamnadas Mehta, who is not here at present, said that there are about two million people working in workshops and munition factories on war work, and, if I may be permitted to say so, it is quite reasonable to assume that there are another one million absorbed in the various industries which are only maintained because of the war. What are you going to do with all these men?

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It is only fair when I speak about these men that I should ask them to give us an assurance that these workshops, munitions factories, other industries which are helping the Government in their war effort continue to work. Have the Government worked out any scheme under which these works will assume a permanent nature, or are they going to last the duration of the war? Many of the undertakings that have been set up by the Supply Department are good, but I am doubtful, Sir, whether they are being established in a manner which will become permanent. In my mind, Sir, if you grant more money so that these undertakings are made permanent and we may have some consultation that our people in the industry will continue to be employed even after the war. We should not encourage Government or semi-Government agencies to compete with Industrial people in their working. I shudder to contemplate that as soon as the war ends millions of people who are employed on war work will go out of employment. Many of the industries which the Supply Department have organized are really very good, and the work which they are carrying on is, in my humble opinion, really very good, and, above all, I must admit that the financial policy has been applied in the Supply Department and in the Food Department also very very good, but I will certainly say, Sir, that I do feel that the same amount of check—nothing compared to check which is applied in the Supply, Food and other Departments—in the Q. M. G.'s Department. I know, Sir, there we cannot do much, because they have got power to make these purchases only in emergency and in such circumstances it is difficult to do it. What I really want to say here is that when the financial conditions are very good why should not we try our best to see that whatever help is available at present for organizing industries should, as far as possible, be put on a permanent basis and people must be encouraged and allowed to keep them up.

Then, Sir, I have got to make some remarks as a businessman with the Commerce Department. It has been the cry of the people that the Commerce Department of the Government of India have not been able to do in the shape of appointing trade commissioners, in the shape of entering into treaties, in the shape of resorting to retaliation where it became necessary, in the shape of the attitude of other countries towards it. I ask the Government whether they are going to allow into this country the free import of the articles that you are now taking from them. In 1937 we were able to have recourse to asking the Government to put some duty on the wheat. When this is the position of this country what is our Commerce Department doing? Sir, I have before me a copy of the *Illustrated Weekly* (1937). There are some photographs in it: I find Sir Homi Mody photograph when he was going to the International Conference; I find my friend Mr. Pillai, going for British Trade Agreement, and, then, Sir, that there is a dear friend of mine, Mr. Dawood Nosur Mowji, going to Belgium Congo where pigmies reside. I wish the Honourable Member for Treasury Benches would see these photographs so that they may have an idea as to what Indian people have done and are doing themselves. But are they doing it? There is no Trade Commissioner for them, no Court of Appeal, no Army, no Navy, no Bank, no Insurance Company, no Ship Company, nothing whatsoever. I ask, is the Commerce Member going to follow up? Or, are they planning any scheme as to the future demands and what should proceed? I understand that Reconstruction schemes are being considered and that will be under a special portfolio—I do not know who is the member in charge. But I insist, Sir, that that should be under the Commerce Member, who should be responsible for commerce and industries.

should see that the commerce and industries of this country shall maintain its position in the world at large equal to what people of other Nations have done. All countries are and have been fighting for their exports and we ought to do the same if we are to be of any real use to the people of this country. They must have in the Commerce and Industry Department a number of special officers studying the position of the Indians before the war, during the war and hereafter. And if all these things are not being done, I assure you, Sir, that we will not be able to pave our way in the civilized world over-laden with debts, and after having made all these sacrifices, and after millions of people having devoted themselves to the cause of the United Nations and the liberty of India. These things must be done. But what do we find over the last six or twelve months? Special attention is being given to all these things in other parts of the world. Great Britain, whose very Empire was at stake about 2 years ago, or at the beginning of the war, can afford during this great war to look into these questions. How can we justify ourselves in not being able to do anything or only appointing one or two officers? What has my Government done? I have not heard anything from the Treasury Benches of what is going to be our future. You may do what you like, but what is going to be our position. In the midst of this great war, not only is Great Britain doing something, not only is America doing something but we find that even the colonial people in East Africa and other places want to create monopolistic associations. Very recently, about four months back, they tried to form an association like the U. K. C. C. and they are planning how Indians can be removed from that colony under the pretext of the war control of goods, prices and above all distributions as if Indians already established there were not co-operating.

Sir, a deputation waited on the Commerce Department and also on the Overseas Department, and I am glad to say that it was felt that sympathetic consideration would be given. The care with which they heard our grievances made me believe that they would stand by the rights of the Indians, rights which they enjoyed for years. Not only that, but they are entitled to have equal rights as anybody else, if only on the score of this war that those who have sacrificed everything for this war shall have equal treatment.

Finally as I have little time left, I shall say a few words with regard to the position of Indian Seamen in our country. The other day I pointed out that there are 120,000 Indian seamen in recognized seamen associations. There has been legislation with regard to the protection of the rights of labour in our country and I congratulate my friend Mr. Jamnadas Mehta and others, who, in co-operation with the Honourable Member of the Government, have been able to get some redresses, some wrongs put right, and much needed dearness allowances. But, Sir, while on the one hand this is the position, I really expected my friend Mr. Jamnadas Mehta to be the champion also of the other class of labour, I mean the Indian workmen, the Indian seamen. I have very seldom heard him say a word about them. I have heard him speak eloquently with regard to the railway workmen, and I think he has succeeded in melting down my friend Sir Edward Benthall to give them something like free food supplies if possible.

**Mr. Jamnadas M. Mehta** (Bombay Central Division: Non-Muhammadian Rural): You induce him to give food and other necessaries free and I shall be grateful!

**Mr. Huseinbhoy A. Lalljee**: Sir, I should be only too glad. But what is the condition of our Indian seamen? May I ask our Government whether any Honourable Member is able to tell me what is the condition under which they are employed? No rules exist about them. Unfortunately, many of them happen to be Muslims. I am far from introducing the communal aspect, but 80—90 per cent. happen to be Muslims. The Captain of the ship can get hold



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of a mar and register him. The only thing that is provided for is that he be brought back to his country. There is no limit to the hours of work if he becomes ill, or meets with an accident, the Honourable the Captain of the ship or the Master of the ship, can put him down at any port. The responsibility is that the company will find him a passage when available it may be after six, eight or twelve months. These are the people about whom you often read. Very recently you have heard that in one of the convoys was attacked by the enemy, thirty Indian seamen were on rafts for three days and reached one of the ports of America in a very poor condition. The risk they are undergoing and what is my Government going to do about it? What has it done? The other day when I asked a question, my friend T. S. Pillay, gave some reply. I did not challenge him then but I do challenge him now. There are rules laid down that when they come into port they are supposed to get their pay within three or six days, but they do not get anything for three or six months. Yes, we have a Shipping Master, an Indian, very sympathetic to the seamen! Sir, many of my officers are very very sympathetic and sincere they are. But what powers have they got? Have they the power to call upon the Shipping company to make good at once the pay? Have they the power to write to Government or the Royal Indian Navy to help them? No. You will find hundreds of these people coming into port in a poor condition after being rescued without having got any wages for their work. The Commerce Department are not a bit concerned how many of these people have had to work, whether it was six, eight or twenty-four hours whether at day or night and under what conditions. Commerce Department is not concerned whether they work for ten or twelve or twenty hours. Commerce Department is not concerned whether they are thrown out of port, sick, invalid or otherwise lying there without any pay. They are not concerned that the shipping master is a very sympathetic Indian gentleman probably he is a Muslim also—I do not know—and that he certainly and sincerely desires to help, but he has no power whatever. The worst thing is that these people are making such sacrifices as our soldiers do: probably my friend, Sardar Sant Singh, may say that the soldiers are doing more than these people. My friend, Mr. Jannadas Mehta, whom I do not see in his place now, without the workmen you cannot carry on the war; but I say that without the seamen you cannot go on with your navy. What dearness allowances a seaman gets for a hour of service do they get? Nothing whatever. No representation at all on the Labour conferences, not on the Government, nowhere. And I am very sorry to say why this is so. Again, I am sorry my friend, the Leader of the European Group is not here—I do not want to make any representations but it is because they happen unfortunately to be connected with the mercantile marine which happens to be always and predominantly in the hands of Europeans, including the British shipowners and the foreign shipowners including Italians and the Germans; so far as that avenue is concerned neither Jannadas Mehta nor my other friend who talks for labour will have any influence there. I may be excused for saying it, but it is the white man's influence. We can do nothing about it though they are Indians—they are their employees. But they are entitled to make themselves heard they may happen to be connected with shipping companies. In 1931 I went to the League of Nations, I went as an employers' delegate. I raised the question both of labour and of employers and I felt it very much that in England an attempt was made under the presidency of no less a labour leader than Mr. Atlee to make a discrimination between the hours of working and food rations between Indian seamen employed on the P. & O. and on other ships going to the east, and the European crew. But fortunately at that time the other labour leaders joined me, though I was an employers' delegate, to make a representation in the House of Commons, and that old

Mr. Lansbury, said "We shall not allow this discrimination among labour". A deputation was taken but I did not see the India Office anywhere nearabouts. Indian, seamen are not Indians to that office—they are *Khoda ka mal*—they are always God's people because they are on the seas—they are not living in India though their children are here; but the Government has never taken any interests in them and we have not heard a word about it. Whether it is commerce or industries, overseas, everybody outside India is the care of a certain department with which the people on the popular side have never cared much about—they are left to their own destinies. I have invariably seen that and it has been my unfortunate experience that so far as the commerce or industry or trade outside and the employment of Indians overseas is concerned, it has not been the care of my popular friends, except I must admit on one occasion when I was not a member of this House, when Mr. Jinnah, Leader of the Muslim League Party, did in 1934 speak very strongly over this question; and above all we had that great man whose loss we always regret, Sir Fazl-i-Hussain so long as he was Member for Indians Overseas...

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Ilural): May I just remind the Honourable Member that in 1939 when a Bill was first introduced after this war started, it is the Muslim League Party who opposed it and wanted that that Bill should be circulated; but it was rushed through in spite of Muslim League Party's amendment; and if Honourable Member will care to look into the debates of 1939 well, he will know that this popular side did everything, but it was defeated on account of Government and certain elected Members as well as the European Group joining hands.

**Mr. Huseinbhoy A. Lalljee**: I am very glad to hear that and I stand corrected and I congratulate my friends; and if I have said anything they do not deserve, I am sorry for it. But I appeal to them and to all Members and to the Government that they should take into consideration the position of Indians overseas all round and I assure the Government that these people of this country are also making sacrifices and are with them fully in their war efforts. We know it is now not only their war effort it is our war effort. I always maintain that we cannot have freedom unless we fight for it and make sacrifice. And I am of opinion that after numbers of these people, who have made sacrifices, come back they will claim as their right and the Government will have to yield it as their right; and the sooner they agree the better. But even now if they are not going to agree, then I say it is very very wise that they do not make any pronouncement which would embitter the people's feelings. This feeling has existed for some time now that any pronouncements by responsible people in England go to our hearts much more than anything else; and if you really want to imbibe in the hearts of the people good will for all, specially for the Britishers who have been working with us for 150 years, we must tell them that in all their pronouncements they must in fairness consider Indians as equal part and parcel of themselves, and in any arrangements or pronouncements they make in regard to the dominions and colonies they should consider India as an equal partner. I do not want to create embitterment, but I would point out here that I have the *Illustrated Weekly of India* here in which I find the Coronation Day picture produced when His Majesty the King, Emperor received the premiers of different dominions, including New Zealand and may I say, Rhodesia? I do not know where Rhodesia is, except that it is in South Western Africa—these gentlemen have much more right than any of us here, although our sacrifices are far greater and perhaps we have been better friends to England.

I think the Honourable the Finance Member has done his level best to place before us the position in which we are situated; but I do hope that he will form at least two or three or even four committees for dealing with these different subjects—one for sterling, one for war expenses and so on. As regards sterling I do acknowledge that there are certain provisions to be made for the supplies



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that Great Britain does send to this country. But you have not made the allocation—it is not our fault. You have been buying many things from America for which you did not give us any price, and when I say that I am a creditor you say that America is the creditor but you do not give us the lease-lend conditions or particulars of purchases and their prices. I say you give them to a small *ad hoc* committee of four or five persons, or if you prefer give it to some of your own Executive Councillors and let them make a pronouncement as Indians that they have satisfied themselves on these questions after going through all these things and that they will watch India's interest as the people of other countries are doing for themselves.

**Mr. T. S. Pillay** (Government of India Nominated Official): Sir, I have listened with very great interest to the various suggestions made and also the helpful criticism advanced in regard to the subjects that have fallen to the responsibility of the Commerce Department. If I make certain submissions to this House, I do not want to be understood that it is in any mood of self-complacency. It is only with a view to place certain aspects of the problems which naturally the Honourable Members would not have occasion to know and it is also with a view to explain certain characteristics of the problems that are always before us, so that Honourable Members, when they want to place any sort of suggestions before us, may know the exact nature of those problems that are confronting us from day to day. My Honourable friend, Mr. Nairang, followed by Sardar Sant Singh and by Mr. Muhammad Nauman.

**P.M.** made a plea that the Commerce Department, in its policy of allotting a quota of newsprint, should not suppress the vernacular papers. May I say that the policy of the Commerce Department has been, ever since the imports of newsprint became very short, to see by various methods that the smaller newspapers are given a chance to continue in circulation. Sir Muhammad Yamin Khan, who made a point about consulting non-officials and non-official opinion, will be interested to know that from the year 1940, the Commerce Department has held various consultations with the newspaper interests concerned, and it is only with their full consent, including the Indian Languages Newspaper Associations who represent a large number of vernacular papers, that the various measures to conserve the short supply of newsprint, so as to make them available to the largest number of newspapers have been taken. I think I am right in saying that almost every measure and every step that has been taken, has received the full concurrence of the newspaper interests concerned. Here at least, I hope, Sir Muhammad Yamin Khan will admit that we have taken proper advice which he has accused the Commerce Department of not taking in adopting the various control measures.

The three chief points which the speakers on this point made were that the policy of cutting the quotas to the barest minimum, the policy of raising the prices of newspapers and the policy of raising the advertisement rates are calculated in their cumulative effect as to keep out the smaller vernacular newspapers. It is our contention that these three methods should serve in the long run to keep the vernacular papers in circulation rather than snuff them out. I may explain this in a few words. The first policy of cutting the quota of newsprint has been dictated, as has apparently been admitted by all Members of the House, by pure considerations of supply. The imports of newsprint have become less and less, and we have to see to it that the lesser quantities available are evenly distributed. The first policy adopted so far was that the newspapers should be allotted proportionately less and less quantities of newsprint than their actual consumption in a certain pre-war year. It has now been realised that if you go on proportionately cutting short the quota, a point may be reached at which the smaller newspapers may not have enough tonnage of newsprint to keep their papers in circulation. Therefore, I am in a position to state that a policy has been adopted under which the smaller newspapers will not bear the

same amount of cut as the larger newspapers will have, taking into account the stocks held by the various papers.

**Maulana Zafar Ali Khan** (East Central Punjab: Muhammadan). In this connection, may I ask why Government have put a ban on the acquisition of newsprint from what is called the black market? Where is the necessity for it?

**Mr. T. S. Pillay:** I am coming to that point. I was on the point that a policy has been adopted under which these smaller newspapers, consistent with stocks held by them, will be allowed a certain minimum quota which we believe will keep them in circulation. Incidentally, I may answer the point which has been raised by my Honourable friend. He asked why Government by an order prohibited the buying of newsprint in the black market. I do not know whether any justification is needed for defending a policy which sought to prohibit purchases in the black market. But the point is this. When we are working the distribution through a system of quotas, unless we see that the man who receives the quota, which more or less corresponds to what one may call his ration, takes that amount of newsprint and that amount only, then I submit that no system of quota, no system of distribution will work properly if the man who receives the proper quota from the proper authority goes and buys, in addition to what he has got, something in the black market. It is for that reason that this sort of purchase was prohibited. There is another cogent reason. It is the intention of Government to see that the available supply is so rationed out as to keep as large a number of newspapers going as possible. In pursuance of this policy it may be necessary to take hold of the stocks in the hands of dealers or to regulate the distribution of those stocks in such manner as to conform to this policy. If purchases of the kind as my Honourable friend adverted to, are not prohibited I submit this policy cannot be properly carried out.

The other point which was made was that the prices of newspapers have been raised and that will squeeze out some of the weaker papers. It has been pointed out to us that the competition from stronger papers will be very strong and that the stronger papers who hold large stocks can afford to squeeze out smaller papers by even selling their own papers at lower prices, and it is necessary to see that some sort of equalisation for smaller issues will have to be made by some sort of statutory order in order that smaller papers will not be in a position to go out of circulation. If owing to the shortage of newsprint a small paper can only have a daily issue of two pages, then a paper like the *Statesman* which is a stronger paper can issue four or six pages and charge one anna. I submit the smaller paper will soon go out of circulation. It is for that reason I think the Commerce Department is convinced that it is necessary to raise the price of newspapers. Then, again, take the case of advertisement charges. In these days, if the advertisement charges are not raised compulsorily, we believe that the stronger papers will be able to compete with the smaller papers at lower rates, and the smaller papers will be squeezed out. It is for that reason that it was said that the policy of increasing the advertisement rates will have to be followed more or less by all the newspapers in this country.

**Mr. E. L. C. Gwilt** (Bombay: European): If I may interrupt my Honourable friend for a while, I understand that the order which has been passed in respect of rates is a compulsory order, which to me is in the worst interests of the papers. I would ask him whether he would be prepared to amend that order and make it an enabling order and not a compulsory order.

**Mr. T. S. Pillay:** I have nothing more to say on that aspect of the case, I believe again it was adopted at the instance of all the associations that did make a point that unless the advertisement rates were raised uniformly by all newspapers, competition would work in such a manner as to bear more harshly on their weaker colleagues. It is for that reason, I believe, we have adopted the principle of compelling a raising of the advertisement rates after a certain period.

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I hope I have succeeded in showing how the methods adopted so far in dealing with the short supply of newsprint are calculated, in our opinion, to keep the smaller papers in circulation.

I now come on to the connected topic of import control. Mr. Gwilt made a very valuable contribution, if I might say so, in regard to the administration of import control, which according to him will save certain inevitable delays in the departments of administration in the Secretariat. I may say that I have passed on a copy of his speech to the Chief Controller of Imports and I am sure he will pay every consideration to the suggestions he has made. We have recently strengthened the Chief Controller's office. I understand that the Chief Controller of Imports is arranging to issue a pamphlet which will give information of the type which Mr. Gwilt wanted, stating the authority to whom a businessman has to apply for licences and stating the conditions under which generally, these licences will be granted. I also understand that possibly very soon, a sort of Information Officer will be attached to the office of the Chief Controller of Imports who will be able to guide his customers to the various authorities concerned. We have also taken steps to strengthen the staff. I believe instructions have also been issued that all the receipts must, as far as possible, be handled at the earliest moment and at the highest level in the office. While speaking on import control, Mr. Gwilt also adverted to the question of the prices of the imported commodities. We do admit, Sir, that so far no regulated system of control of prices of imported commodities has been adopted. I understand that the D. G., I. M. S., who is interested in most of the essential medicines that are being now imported, has got a scheme under consideration, under which he proposes to make a list of the most essential medicines that are coming into this country and to try out a method by which he can regulate the supply not only to the most essential users but also to have it supplied at most reasonable prices. When that scheme comes into force, I am sure, many of the points made by Mr. Gwilt will be met and that his own scheme which, I believe, he has handed over to the Education, Health and Lands Department will receive Government's best consideration.

While on the question of prices, I may advert to one or two remarks made by other Honourable Members. I believe, Mr. Anthony made a very strong point that there are no regulations in this country which will punish profiteers to the most adequate extent. Mr. Jannadas Mehta made the same point. There were others who made also similar points. I understand that a scheme is now under consideration, under which the penalty clauses of the Defence of India Rules will probably be made more severe in regard to profiteering and steps will also be taken to penalise adequately, profiteers and hoarders. When these measures come into operation, we hope that many of the complaints which are now being levelled at the Government of India, who are even being accused of conniving at the action of profiteers, will be removed.

I now come to a third point which is also connected with this, which was made by my friend, Mr. Deshmukh, who is not in his seat. He made a point that the Commerce Department never pays any attention to agricultural prices and that they are anxious to please the industrialists. I only wish to draw his attention to two facts that happened quite recently. As soon as the Government of India apprehended that the prices of short staple cotton are likely to fall, he will recall, that the Government took steps to establish a cotton fund whose primary object was to see that the short staple cotton prices do not slump. Again, as soon as the continental markets for groundnuts were lost, he is aware that various measures were taken by the Commerce Department to see that the groundnut prices do not unduly fall and to see that the prices paid by the Government are fairly reasonable and also to fund up a fund which was expended primarily to benefit the groundnut cultivator.

Now, Sir, I pass on to the problem of standard cloth which was briefly referred to by one or two Members. I gave a full account in regard to this matter on the motion which was moved by Honourable Mr. Sarker about the food situation. I have only to add that the point made by Mr. Jamnadas Mehta that steps should be taken to see that labour, especially industrial labour and railway labour, are adequately provided for by making separate allotments, if necessary, for these homogeneous groups, has been accepted in principle; and very shortly, a scheme will be put into force under which the railways will be put in a position to supply standard cloth to their own labour.

While on the subject of standard cloth, I shall very briefly refer to the point made by Dr. Banerjee that in the constitution of committees by the Commerce Department consumers were not represented. I may state that the Central Standard Cloth Panel, whose primary function is to procure the manufacture of the requisite quantity of standard cloth, has on it four members who have been specifically nominated to represent the interests of the consumers. Two members of the panel are Honourable Members of this House. One is a distinguished member of an Indian State and the fourth is also a representative of the consumers. We have also advised the Provincial Governments that their Advisory Committees, which will be set up to advise them on problems affecting distribution, should have adequate representation of consumers.

I shall now say a few words about the export policy of the Commerce Department.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech after lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock. **Mr. Deputy President** (Mr. Akhil Chandra Datta) in the Chair.

**Mr. T. S. Pillay**: Mr. Deputy President, Sir, before the House adjourned for lunch I was referring to standard cloth. I mentioned in answer to Mr. Jamnadas Mehta that we have made arrangements wherever practicable for Railway employees to be supplied with standard cloth. I may refer briefly to the charge made in this connection by Dr. Sir Zia Uddin Ahmad that the cotton textile industry is primarily responsible for charging profiteering prices. Sir, in the problem of retail prices of cloth there are many factors that have to be taken into account. I am not here holding a brief for the cotton textile industry but I should like to say that in all our negotiations with the cotton textile industry for the manufacture of standard cloth for the poor, we have received more than ample co-operation by the representatives of the cotton textile industry who met us and they were most willing to meet us in solving the problems that faced us.

Before I leave this subject of cotton textile industry, I should like to refer briefly to the point made by Mr. Hoosenbhoy Laljee in this connection. He said that the Commerce Department has not done anything at all by way of appointing Trade Commissioners and others in foreign countries to look after the interests of Indian traders. Even during the period of war, when circumstances and conditions are quite out of tune, the Commerce Department have appointed Trade Commissioners in Canada and in South America. It is not entirely correct to say that the Commerce Department have completely left the interests of Indian trade unprotected in foreign countries.

I now turn to the policy of exports followed by the Commerce Department. As far as policy is concerned, I have explained lately the policy of the Commerce Department in a speech which was made by my Honourable friend Mr. Sarker. I have also explained the policy of the Commerce Department in regard to the export of cotton goods. I need not say in answer to Mr. Hoosenbhoy Laljee that the Commerce Department have been practising a policy of export control in regard to cotton goods. The Commerce Department

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ment. The Commerce Department is located in the North-Block and the doors are wide open to all concerned. There is nothing shady about our export policy. The policy is known to all and briefly it is that we try to allow the export of only those commodities which, we can spare in the present conditions and those commodities which we ought to share in the present war conditions with the United Nations.

I may now turn to my Honourable friend, Mr. Jamnadas Mehta who referred to the activities of the U. K. C. C. and my Honourable friend, Mr. Shahban also made some remarks about the activities of the U. K. C. C. I want to state categorically that there is no shrouded mystery about the activities of the U. K. C. C. The Government of India have made as late as the 6th August, 1942, a very detailed statement of the operations of the U. K. C. C. and also in answer to a short notice question by Mr. Jamnadas Mehta, they said that the Government of India are keeping themselves fully in touch with the activities of the Corporation and are satisfied that their activities have not so far been conducted in a manner from which a dislocation of the existing trade channels may be seriously apprehended. My Honourable friend, Mr. Jamnadas Mehta, asked me whether I have anything further to report in regard to the U. K. C. C. I have only to report that the Government of India are kept closely in touch with the operations of the U. K. C. C. and the policy briefly stated in answer to the short notice questions to which I have just referred is being maintained.

Sir, I now come to the question of Indian seamen which has attracted considerable attention during the debate on this Finance Bill. My friend, Sir Abdul Halim Ghuznavi, drew the attention of this House to the condition of Indian seamen at Calcutta. I must say in fairness to him that he did admit that there are several improvements made in the conditions of Indian seamen by the efforts of the Commerce Department. He drew attention to certain features, such as, the provision of a prayer room and certain other facilities for the Indian seamen. As far as I can recollect, in the new Shipping office there is a provision for a prayer room. It is probable that it is not adequate. I am having the matter looked into and if there are any further improvements that could be made they will be made.

**Sir Abdul Halim Ghuznavi** (Dacca cum Mymensingh: Muhammadan Rural): There is no prayer room.

**Mr. T. S. Pillay:** We have also noted down the various other suggestions made by Sir Abdul Halim Ghuznavi and we shall try to adopt them as far as practicable.

My Honourable friend, Mr. Hooseinbhoj Lalljee, who, I am sorry to find, is not here, referred at considerable length to the conditions of service and to the question of employment of Indian Seamen in foreign-going ships. As the problem is of some importance, I shall beg leave of the House to state in as brief terms as possible what are the things that the Commerce Department has done in this matter. First and foremost Mr. Hooseinbhoj Lalljee said that the shipping masters have no powers at all. I may remind him that they have certain powers under the Indian Merchant Shipping Act. I may also mention that the wages of Indian Seamen during the war time have been increased considerably and there are certain proposals now before the Commerce Department which are under consideration which relate to the conditions of their service in the foreign-going ships. There is also a provision in the Indian Merchant Shipping Act which does provide, for example, for certain space to be provided to seamen. As I told the House, we have got certain proposals before us which relate to the conditions of service at ships and it is the intention of the Commerce Department to have them very carefully examined and in so far as it lies in their power to improve their conditions wherever found necessary. Sir, I have done.



**Maulvi Syed Murtuza Sahib Bahadur** (South Madras. Muhammadan). May I ask what is the amount of the dearness allowance sanctioned for these seamen according to the present arrangement?

**Nawabzada Muhammad Ishaqat Ali Khan** (Rohilkund and Kumaon Divisions. Muhammadan Rural). Mr Deputy President, the Finance Bill has been under fire for five days. Some of the Honourable Members have described the debate on the Finance Bill as an annual ritual. Some of them have made it into an endurance test. But there is one thing which stands out most clearly and boldly from the speeches of all the Honourable Members who have taken part in the debate that the present Government of India is completely divorced from public opinion, that the present Government of India does not enjoy the confidence of the peoples of the country. Sir, every action and every policy that the Government have followed during the last year has been the subject of very severe criticism from every side of this Honourable House.

It is most unfortunate that at a time when every country which is involved in this war is going all out for winning this war, India should have the peoples of the country and the Government as two strangers in the land. This, to my mind, is the most unhappy and most unfortunate position. The Honourable the Finance Member, I sympathise with him, must be cursing fate that in spite of the fact that he has, according to him, done his best for India, he has not been able to carry any conviction to the Honourable Members of this House. I sympathise with him and I can only say that the fault, Dear Raisman, is not with the stars, the fault lies within ourselves. It is but natural that if the Government of a country does not enjoy the confidence of the peoples of the country its actions are bound to be looked upon with suspicion and distrust, and, therefore, the Honourable the Finance Member should not consider that the criticism that has been levelled against the Finance Bill is only against himself as an individual, it is against the whole system of Government under which this country is being ruled today.

Sir, my Honourable friend, Sardar Sant Singh, lays great store by the Indianisation of the Central Government. I for one do not think much of Indianisation unless there is popularisation with it. Indianisation without popularisation would be like changing gramophone but playing the same records: and I hope the Honourable Members, Indian Members, who are in the Government of India today would not think that I am making any attack on them as individuals. They are all honourable men. I have no doubt that they, with the limitations and the handicaps from which they suffer, have tried to do their best, but their best is very poor. Therefore, this criticism of the present Government of India will continue whether all the members are Indians or whether all the members are Europeans as long as there are not real representatives of the peoples of the country inside that Government. Sir, it is an irony of fate that at this time when India needs mobilization of all the resources of the country to fight the aggressive powers there should be this estrangement between the Government and the people. The Muslim League at the very beginning of the war stated unequivocally that it stood for the mobilization of the resources of the country to fight this war against aggression. It stated that full mobilization of the resources of the country was neither possible nor feasible unless the peoples of the country had confidence in the Government and that could only be if the representatives of the people were taken into the Government. Sir, the Honourable Members who have been watching the proceedings of this docile Assembly would come to the conclusion that the present Government of India, barring a few floatams and jetsains in this House, has no Indian opinion with it. You have only to take up the Division Lists of last few days and study some of them and you will find that practically on every division there were hardly two or three elected Indian Members who voted with the Government. Does it not show that the victories which you win in the division lobbies are moral defeats for you? You may be saying that the motion of the Honour-

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any constitution which has been framed by some divine power and is called "Democracy". Democracy is only a method of ascertaining the will of the peoples of one nation as to the system and administration of Government under which they would like and continue to live. That is what democracy is. How is democracy going to suffer if there are going to be more than one independent state in this country? Mr. Deputy President, Mr. Jinnadas Mehta was a member of the Nationalist Party. Over some question or other he did not agree with the majority view of that particular Party which, I suppose, works in a democratic manner. What did he do? He left those Benches and sat over there; in other words, he made a home for himself from where he could give utterances to his views more freely and independently; in other words, Mr. Deputy President, unwittingly Mr. Jinnadas Mehta supported our demand for Pakistan.

**Sardar Sant Singh** (West Punjab: Sikh): But he came back.

**Nawabzada Muhammad Liaquat Ali Khan:** My Honourable friend Sardar Sant Singh says that he came back. It is so, and I must admire Mr. Jinnadas Mehta because there are few who can play the role of political weather-cocks with such ease and grace!

Sir, I was dealing with this question of democracy. What I was saying is that there is no question of democracy suffering. All that we want is that the Mussalmans of this country should have free existence in this country. Mr. Jinnadas Mehta accused us, not only accused us, but he said that we should be put in a museum. He accused us of living in the 14th Century and he stated that we were a religious state. I do not know from where he got this idea of a religious state. If by a religious state he means a state where our religion would be safe, a state where our culture will be safeguarded, a state where our language will be protected, a state where our ideals shall flourish, then I plead guilty to its being called 'a religious state'.

Sir, my Honourable friends very often are very angry with us that we claim to be a separate nation from the Hindus. Nobody has so far told us what is it that constitutes a nation. According to them, a nation is constituted only by the geographical unity of a country. India is not a country. It is a sub-continent. If you were to examine the position of the two major nationalities in this land, you will find that they differ from one another in every respect. Religion which is the most unifying force, is different; language, which is another thing which makes a nation, is different, and in proof of that I would only refer the Honourable Members of this House to the speeches that were made the other day when we were discussing the Broadcasting Department. Is it denied by our Hindu friends that they think that Urdu is the language of the Mussalmans? Is it not a fact that one Member after another of this Honourable House from those Benches stood up and said that you want the language of the Mussalmans to be enforced in this country? But if we are all one nation, where is the question of the language of Mussalmans or the language of Hindus? Therefore, Sir, when they talk about all the nationalities in this country being a nation, they only use that term because it suits their purpose of wanting to dominate on account of their numerical strength over all the nationalities in this land.

**Bhai Parma Nand** (West Punjab Non-Muhammadan): But what did Sir Feroz Khan Noon say?

**Maulvi Muhammad Abdul Ghani** (Tirhut Division: Muhammadan): What did you say before?

**Bhai Parma Nand:** On language I simply expressed the view which was openly held by Sir Feroz.

**Nawabzada Muhammad Liaquat Ali Khan:** My Honourable friend, Bhai Parma Nand, has just reminded me that there was something which he also stated in the course of his speech with which I would like to deal. He stated that Well, if the Hindus and the Mussalmans do not agree, then it is for the British Government to give their decision. I am glad he accepts that. Otherwise, we should have to take the trouble of quoting his words. He said that

**Bhai Parma Nand:** Nothing of the kind.

**Nawabzada Muhammad Liaquat Ali Khan:** Sir, Bhai Parma Nand stated on page 392 of the proceedings of the Legislative Assembly of this Session:

"That if two parties cannot reconcile themselves on account of their differences, the only solution is that they should look at least to a third party to act as a referee and accept the views which that party hold on the question. I think the British Government in a way is the third party, as it is called in India, and . . . ." (Interruption).

If my Honourable friend will have a little patience, I think he will have to take back all that he has said. This is his opinion.

". . . and they have a perfect right to guide us, as they have done in various other things, in the matter of framing a constitution for India."

**Bhai Parma Nand:** It is quite right, there is nothing wrong in it.

**Nawabzada Muhammad Liaquat Ali Khan:** Of course there is nothing wrong, but I was only going to point out that when my Honourable friend, Bhai Parma Nand, and some others of that type talk like this they really do not believe in all this. They only say this to fool the world at large. Because if this is what they believe in, then I do not remember to have read in the papers anywhere that Bhai Parma Nand had given his wholehearted support to the Cripps proposals which were brought out to India on behalf of the third party in this country. This is, Sir, exactly the point.

**Bhai Parma Nand:** From which speech is he reading?

**Nawabzada Muhammad Liaquat Ali Khan:** I assure my Honourable friend that I do not accuse him of consistency. I do not say that he supported those proposals. May be, that my language was rather involved for his understanding. All that I said was that if that is his view I do not seem to remember having seen his name in any of the papers that he had supported the Cripps proposals which were brought out to India by Sir Stafford Cripps on behalf of the British party to which he has referred in his speech the other day. My point in referring to it was this, Mr. Deputy President, that the fact of the matter is that my Hindu friends do not want anything short of one Central Government for the whole of India, where they would dominate and rule over everybody else. Why mince matters? It is a fact. This is exactly what they want. Why talk of nationalism and nationality and democracy and all this humbug? We know all this. Just as they want that they should rule over the whole of India, in the same way we say that we refuse to be ruled by the Hindu majority in this country. We refuse to be taken in by this talk of democracy and nationalism and all that sort of rubbish. We believe that India is a sub-continent where a number of nationalities live, the most important and largest of them are the Hindus and the Mussalmans. Both of them are entitled to have their homelands and both of them are entitled to develop themselves freely and independently according to their own ideals and their own culture. I want to know what is the injustice behind this claim of ours. We do not want the whole of India. We only want one-fourth of India, where we would feel free. We would give to our friends, if they so desire, three-fourths of India where they would be free. There is no injustice in this claim of ours. Whereas, if we were to accept the demand that is put forward by the various Hindu organizations under different names, then it would mean grossest injustice and annihilation of the 100 million of Mussalmans in this land. They want the whole of India when they are only entitled to three-fourth. That is, Mr. Deputy President, the real position.

At the beginning of my speech I stated that I would have to deal with this question regarding the taking into partnership the representatives of the various parties. Sir, as I stated in the beginning, the position of the Muslim League throughout has been that it would not be possible to mobilise the resources of this country fully and efficiently unless and until the peoples of India were made to feel that they were a part of the Government, that this war was a war of their own, that this war was not for the exploitation of the weak by the strong, that this war was really being fought for the sake of humanity and justice to every nationality. The position of the Government, Mr. Deputy President, has



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been—What can we do? The parties in India do not agree. As a matter of fact, I remember His Excellency the Viceroy in his speech at Calcutta last December stated that the trouble is not that we do not want to part with power, but the trouble is that we want to part with power, and therefore there is all this confusion and all this trouble in this country. Sir, if the Government were really sincere in their declarations to part with power then they should not make this condition as a condition precedent that every party in the country must agree on something definite. The Congress, Mr. Deputy President, is the only party in India which has not looked at any proposal that has come from the British Government with favour. All the other parties—I am speaking for the Muslim League—have always at every stage considered and showed their willingness to consider any proposal that may be made by the Government for the transference of power from British to Indian hands. Now, Sir, Congress is described as a party which has ceased to enjoy the privileges of citizenship. I hope the Honourable House, and you, Sir, will permit me to read out a few passages from the speech of the Honourable the Home Member which he made the other day on the floor of this House, when the motion for adjournment regarding Mr. Gandhi's fast was under discussion. He stated:

"When the Congress Party passed their resolution of August 8, Japanese attack on this country was thought of lightly. By demanding the withdrawal of British power from India, and by placing Congress in open opposition to it, the Congress Party could not be thought to have hoped for some advantage to themselves if the Japanese attack succeeded."

Then, Sir, later on he goes on to say:

"Mr. Gandhi is the leader of an open rebellion in which he denies the authority of the existing Government and seeks to overthrow it."

Then he says:

"Before that he was entitled to be heard by Government like any other subject was heard. But by declaring civil war, a method that repudiates the method of discussion, he forfeits that right so long as he remains an open rebel."

The Honourable the Home Member quoted from the Hindi speech that Mr. Gandhi delivered on the 8th August wherein he is reported to have said that "Every one of you should from this moment onwards consider yourself a free man or woman and act as if you are free and are no longer under the heel of this Imperialism. You may take it from me that I am not going to strike a bargain with the Viceroy for ministries or the like. I am not going to be satisfied with anything short of complete freedom. We shall do or die. We shall either free India or die in the attempt."

This, from the speech of Mr. Gandhi according to the Honourable the Home Member, is an open rebellion; and yet the British Government ask me to go and negotiate with a party whose members have forfeited the right to be considered as citizens of this country. They want me to go and come to terms with a party which according to the statements that have been made on the floor of this House and outside by the Government is the enemy of His Majesty the King. They say to the Muslim League that unless you come to terms with Mr. Gandhi and his followers, who according to the Government are rebels, they are afraid, they cannot transfer power to the hands of those Indians who are left outside the Congress fold. If you believe that the Congress is really a party and its leaders are men who have forfeited their right of citizenship, then you have no business to ask me to go and negotiate with them and come to terms with them. It only shows that the Government are neither sincere nor serious when they declare that they want to transfer power to Indian hands. They do not want to transfer power to Indian hands.

The fortunes of war, Mr. Deputy President, are in favour of the Allies today, and while we are glad that the Allies are winning, we are not for the attitude that the Government has taken up. Looking at the situation on account of the Allied victories, during the last few years, the Government has instead of becoming more and more sincere and more and more earnest, has become more and more dishonest and more and more unscrupulous. My Honourable friend, Mr. P. B. S. P. has said that he has a fervent hope that he would like to see the Government of India. May I tell him that?

India? When people talk of the United States of India, when they talk of Federation, when they talk of democracy, they have at the back of their minds always one thing that there shall be one Central Government which will rule over the whole country. The present Central Government, as far as I can see, will continue and consist of men like we have sitting on the opposite side, because to me it appears that it is impossible for this country to achieve full freedom unless there is a recognition of the right of Mussalmans to self-determination. Therefore, it is no use our talking of united states or federation or democracy; and I appeal to my Hindu friends that they must realise by now that it is impossible to ignore the hundred millions of Muslims. It is impossible to think of any system of government in this country which does not recognise the separate existence of hundred million Muslims in India; and, therefore, if they really want that India should be free, that India should enjoy the status of a free country, that the present Central Government should come to an end, then the only solution is the solution which the Muslim League has suggested; and I would appeal to them to consider this matter in a dispassionate manner.

A lot is made of the position which the people are enjoying in Provinces under the present constitution. It may satisfy some people that the power which is enjoyed in the provinces by these autonomous Governments is really the power they were looking forward to. To my mind, those Provincial Governments, as long as the Central Government is as it is, do not enjoy any power. It is no use the Central Government telling us every day that this is a matter for the Provincial Governments, and such and such a matter should be taken to such and such a Province. We have it on the authority of Chief Ministers of some of these Provincial Governments that they are not considered fit to be even consulted in matters of policy, which is dictated from above. Therefore, I was referring to this matter only to show that when it is claimed that a large portion of India is being governed by the representatives of the people it is all a moonshine. There is no real power with those representatives of the people and with those Legislatures; and this state of affairs will continue as long as the present composition and the present constitution of the Government of India continues; and the present composition and this constitution will continue as long as the British can help it.

There are some people who think that we have reached the end of this war. I submit that undue optimism is as fatal in a situation of this kind as undue pessimism. I do not for a moment believe that this war is going to end so soon or so easily. I do not believe, Mr. Deputy President, that all the resources of India have already been utilised for fighting this war successfully. Therefore I would request the Government to consider again the folly of their policy which they have been following since the beginning of this war. If you want to bring to an end this manslaughter, this havoc that is going on throughout the world, if you want to save humanity, then it is the duty of the United Nations to mobilise all their resources completely and fully to bring this war to a speedy end. This can only be done if you have the peoples of the country with you. We know that the Honourable the Finance Member can go on doing his best and find money for fighting this war. But may I ask him one thing? Is he satisfied that, as far as his war bonds are concerned, he is receiving that much money from India for his war loans as India is capable of giving? Does he not know that those people who are making money out of the Government fight shy to give it back to the Government by investing it in war loans? Does he not know of this position? Do not Government know that, really speaking, although they may be patting themselves on the back for getting 50,000 recruits a month or so many millions of rupees a year in war loans—so far not even one-tenth of the resources of the country have been mobilised or utilised for the purpose of fighting this war? India is a vast sub-continent. Its resources are immense, its man power is unparalleled. And to have a country like that as an ally in this war and yet not to be able to mobilise all its resources is a fact which in reality is a tragedy.

[Nawabzadu Muhammad Liaquat Ali Khan.]

I come back to the same thing. If you really want to bring this war to a speedy conclusion, then even now you must secure the support of the Indian peoples, of those parties that are willing and ready to give their utmost for the successful prosecution of the war. It is no use your feeling secure because you have won a few victories in this theatre of war or that theatre of war. It is a long, long way to Tipperary, and as they say in Persian, *Hinoz Delhi Dur Ust*. We have to fight this war relentlessly. These aggressor nations that are responsible for creating this havoc in the world are not going to give in so easily. Therefore, I appeal to you, give up this policy of yours which you have been following. You are suffering from surfeit of self-complacency. Give up this policy. Take the hand of friendship of those who are willing and ready to give their everything for winning this war. Take all those parties into confidence, in association, who have always been offering their co-operation.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Don't make this excuse of agreement between the parties as an argument for not transferring power. Indians have ceased to be satisfied with such devices as the expansion of the Executive Council. Nothing will satisfy them unless there is transfer of real power, and nothing will be able to mobilise the resources of the country fully, unless there are real representatives of the people in that Government.

**The Honourable Sir Jeremy Raisman:** Sir, rising at the end of five days of discussion which has ranged from the more technical aspects of the finances of this country to the whole of the political problem as has been expounded by my Honourable friend who has just sat down, I am daunted by the prospect of attempting to furnish any but the most inadequate reply to the debate. Not only has the discussion lasted a long time, but the speeches have been somewhat lengthy. I suppose that I am not really entitled to complain because I started off by setting a standard myself.

**An Honourable Member:** A bad example!

**The Honourable Sir Jeremy Raisman:** . . . a bad example. But I would claim in justification that I had rather a large field to cover. I may say as a matter of interest to the House that it was not the longest Budget speech that has been delivered even in the last ten years. There was a much longer speech delivered in the time of the last Finance Member but one and that was not in time of war. Moreover, I had been so impressed by the continuous exhortations to me to take the House into confidence that I set out to give them as much information as I possibly could. I am afraid, that I deluded myself if I hoped that by placing more material before the House I would, to any extent, escape their criticism.

**Mr. Jamnadas M. Mehta:** You spoke much but said little.

**The Honourable Sir Jeremy Raisman:** On the contrary, it seems, the more one says, the more surface one exposes, the more one gets back by way of criticism. It is difficult to find out what might be said to be the common measure of agreement of this House about the financial or economic policy of the country in war time. I have observed negative reactions to almost every proposal. My Honourable friend who just sat down pointed a moral from that. He deduced that that was because the Government was not in touch with the country. I am afraid I have to disagree with him. I believe if my Honourable friend were in my place, or if any other Honourable Member were in his place, we should have the same spectacle. I am afraid criticism seems inevitably to follow a purely negative line. However, it is my duty, it is my obligation as the last speaker would say, to have to carry out my task to the best of my ability. The administration of the finances of this country must be carried out at all times, and indeed at all times whether or not it is possible to have a complete agreement of opinion on policies that should be followed.

prepared to support a policy which would have been more drastic or less popular, although it might have been what they, in their heart of hearts believe was necessary at the present time. I found little indication.

With these general remarks, Sir, I will address myself to some of the specific questions which have been discussed in the course of the debate and I will at the outset attempt once more to explain my attitude and my position on the question of the defence expenditure. I was not so innocent or so foolish as to hope that in the task which I had to undertake of arguing this case with His Majesty's Government on behalf of the Government of India and on behalf of the country of India that I would receive any single word of approbation, whatever might be the outcome of my efforts. I have not been disappointed in that expectation. The forecast at the time when the discussions were taking place and the general criticism was that India was going to be involved in the cost of operations undertaken outside India. There is no doubt whatever in my mind, and it was quite clear from all the press discussions on the subject, that the main apprehension which faced the country was that another kind of joint war measure was being propounded and that India would be called upon to bear a share, at least of the cost of the war in territories so close to her boundaries that it could not be denied that the defence of India was intimately bound up with those operations. In that respect, the apprehensions turned out to be correct but when the result turned out to be favourable to India, a new line was adopted. It was now the expression—joint war measures. In some respects, I must admit it was a very unfortunate expression. The expression "joint war measures" was seized upon to prove that in spite of the fact that India was not called upon to bear any part of the cost of those operations outside India, nevertheless by some metaphysical process she was still bearing a part of the cost of those measures. Well, Sir, as I said, my hopes were not high and, therefore, I am not disappointed. But I would say this. I accept Mr. Nauman's remark. I accept the observation that the test of our efforts, in this respect, should be the result. The proof of the pudding is in the eating of it. Well, then, can it be argued that the charge which India has been asked to bear is unreasonable in relation to the magnitude of the cost of defending this country in the circumstances which arose during the last 12 months? Surely, Honourable Members have some conception of the cost of modern war and of the liabilities which other countries have had to assume in relation to it, and they are not all wealthy countries. I would ask Honourable Members to look at the defence budget of a country as small as New Zealand, which I believe has a population of only perhaps three million people or so. They will be surprised to find that the defence expenditure which is borne by a country of that size is not entirely incomparable with the defence budgets which India has had to shoulder hitherto. Now, there are certain people who would argue that this is not India's war in the sense in which it is a war that concerns other members of the Commonwealth or of the United Nations. I know that very few Honourable Members of this House would support that statement, and that argument but there are a large number of people, there is a considerable body of Indian opinion which puts forward that view. Nevertheless, I am surprised to find that that same body of opinion considers that India should make a profit out of the war. They do not think that there is anything tainted or unbeflowed in the profits which accrue to them from these same activities, no part of which in their view should be charged to the cost of India. Now, Sir, it is argued by Honourable Members and I think it was argued by my friend, Mr. Jinnahdas Mehta, that what is wrong with the financial settlement is that it lays upon India a burden which is beyond her capacity. On that point, I disagree with them. I think that the burden is not beyond her capacity. At the end of my Indian speech to give an impression of the position in India not only in relation to the present war but in relation to the future, I summarised the position in the following words: "There are very few countries at present which are not faced with so little apprehension



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to their budgetary position as it will be after the war. I know that my Honourable friend, Mr. Jammadas Mehta, thinks that the burdens of the war are not being laid on the classes where they should be laid, but that is not my point at this moment. I think he confuses two arguments. Even if he were right that the poor man in India at the present moment has suffered exceedingly and has gained nothing from the so-called economic prosperity of India, it would still be the case that there are a large number of wealthy and prosperous individuals in this country whose position has improved and that this country would be able to make a contribution to the cost of the war which should not be less than that which has been arrived at by the financial settlement. However, I will not prolong that argument. There is another aspect of the matter to which I feel I must direct attention and that is that the critics do not seem to realise the dilemma in which they place themselves. I am not here making a debating point, I am trying to get them to face the reality of the position. On the one hand, they complain of the amount of the total cost of the charges against India. On the other hand, those same critics go on to express considerable uneasiness about the size of the sterling balances which are mounting in India's credit. Now, surely they must realise that in so far as the cost of the operations in India is not borne by India herself, to that extent and precisely to that extent the sterling credits, the payments which she receives from His Majesty's Government must increase. So, their argument amounts to nothing less than this; the war is costing too much. Well, I agree with them. I should like the war to cost a good deal less. But at this stage is it possible for the country in war time to say that the defence of the country should not be carried on because it is too expensive? That is the kind of argument of which we heard a lot in peace time, a lot before the war, but I have hardly met anybody who is prepared to sustain that when his house was on fire and he himself, his family and his wife and children were in danger that it was too expensive to attempt to save himself, his family and his property. I would in all seriousness put the point before the Honourable Members that there is an intimate connection between the problem of Indian defence expenditure and the problem of the sterling balances because the cost of the war falls either in one or in the other category and you cannot logically complain at the same time that our defence expenditure is too high and also that the sterling balances which are accruing to us are too high.

Now, Sir, I would like to deal next with the question on which I have been charged with vagueness, and that is the question of lease-lend. In relation to the charge of vagueness, I find that if an action which the Government intends to take is put before the House in the form of a *fait accompli*, we are told that this House is given no opportunity to express its views and that the procedure is a farce, that the House ought to have been consulted in advance. If, on the other hand, the elements of a problem are exhibited before this House and the decision of the Government is not announced as a *fait accompli* but the way the Government's mind is working is indicated, then I find we are charged with vagueness. In other words, make up your minds so that we can tell you that you are wrong; do not come to us, do not attempt to load on us any part of the responsibility for arriving at the decision which we want to be able to announce you for taking. That is no doubt a comfortable position for critics to adopt, but it is not very helpful when important problems have to be decided in the interests of the country. Well, now on the question of lease-lend. The complaint is that Government have given no information or very little information and it is suggested that information is available to the Government which they have not put before the country. That, Sir, is not the case and I would like to indicate some of the difficulties which arise in dealing with this question. New lease-lend goods which reach India may be for the defence of China. His Majesty's Government or India herself may have to decide on the nature or amount of lease-lend goods which are to be sent to China.

China. They are not handled by any Government of India agency and the Government of India takes no account of them in any of its calculations. We are only concerned with lease-lend goods received on behalf of His Majesty's Government or India. Now, when such lease-lend goods reach India, there is no distinction possible at the time of receipt between those required for war measures for which under the financial settlement India has accepted liability and those required for measures which are the responsibility of His Majesty's Government. This fact introduces very great complications into any analysis of lease-lend in relation to India. For example, lease-lend steel imported into India may be used in making bridges for use in the Middle East or in making ships for India or in making docks for the Admiralty or in making shells for the general use of all theatres of war including shells required by India herself, or the steel may even be used in buildings provided on reciprocal lease-lend to the American forces in India. Now, it is impossible to determine in most cases for whose account the lease-lend goods currently arriving in India will finally be utilised. One can only make an appraisal at the end of each year. One can then only make an appraisal to the extent to which they have been actually utilised for the account of one Government or the other and even then absolute accuracy in such appraisal is impossible. The methods which we shall have to adopt in making such an estimate are now being carefully considered. I would also point out that it is impossible to determine at the Indian

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end what goods have been received on lease-lend and what goods have been paid for in dollars. We were until recently under the impression that certain tanks which we have been receiving were lease-lend. We have now been informed that a number of these were purchased in the U. S. for cash presumably under what are known as pre-lease-lend contracts, that is, under the operations of His Majesty's Government conducted in America before the lease-lend policy was embarked upon. Well, a tank is the same whether it is a lease-lend tank or a cash tank, though we cannot find out in which category it should go. During the year 1941-42 comparatively little material came forward from the United States on lease-lend. During the current year for the first time substantial quantities of lease-lend goods are reaching India and I would like to express our deep appreciation of the enormously valuable part played by these American supplies in our war effort and the enormous value which they are to us in our operations. In fact, it is impossible to conceive how this war could have been carried on if that great country—that great democracy—had not decided to come to the aid of the United Nations in all theatres of war. Whilst I am explaining these details and complications it must not be thought at any moment that we are lacking in appreciation of the magnificent part which America, her troops and her production are playing in this war. I was saying that during the year 1941-42 comparatively little came forward from the United States on lease-lend. During the current year for the first time substantial quantities of lease-lend goods have been reaching India. It will be realised that it takes three to four months for goods sent from America to reach India. Again some ships are lost by enemy action on the way. Furthermore, the documentation right from the source of procurement to the ultimate Indian user of the goods has proved an intricate task. Sometimes before receiving documents a ship arrives and sometimes a ship arrives and documents are not received, and sometimes documents are received and the ships do not arrive and sometimes documents arrive but goods do not. Sometimes the value of goods is given—more frequently it is not. It will be appreciated from all that I have said that this is a matter of great difficulty to reconcile our records of what we have received with the records kept in America by our agencies of what has been despatched to India. We are in a process of effecting this reconciliation but it will take some time. We are also endeavouring to evolve a similar system of reconciliation of documents which, if feasible, should give us a more complete and accurate record of what goods leaving America are lease-lend goods. Such a record will be a



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to be undertaken in India in order to determine the purely Indian share of those receipts which may be required for the purposes of settling accounts with His Majesty's Government. As I have previously mentioned the valuation of India's own share of these receipts can only be undertaken after the close of the year when the actual use to which the goods have been put during the year can be determined. It is, therefore, not possible as yet to give either the quantities or values of lease-lend goods received in India on India's own account. Some months will elapse before it will be possible to do so. India's own requirements and the requirements of His Majesty's Government in India are lumped together in our demands on the United States for goods on lease-lend. We have asked for and we are receiving medical stores, ordnance stores, motor vehicles and spares, steel, provisions, lubricants, machine tools, machinery, electrical equipment, A. R. P. stores, radio sets, oil pipe line and machinery, ferro alloys, railway locomotives, dock and harbour equipment, chemicals, scientific instruments and so on. How much of these demands will be accepted as eligible for lease-lend, how much of them, if accepted, will win a high enough priority to secure procurement, and how many of them, even then, will ever be shipped over any given time ahead in view of the acute shortage of shipping and the constantly changing shipping programme is more than I can say. Some of the demands which we have placed on the U. K. have also been diverted by His Majesty's Government to America and may also come forward on lease-lend. We do not as yet know the extent of such transfers, but are endeavouring to find out from one source or another.

As far as reciprocal lease-lend is concerned the problem is comparatively simple. The expenditure is incurred in India and it is merely a question of how much detail it is worthwhile collecting. For example it would be an unjustifiable waste of time to collect the scores of thousands of individual railway bills relating to the American forces in India from all over the country and add them up. Similarly it would be virtually impossible to cost out all the repair jobs done in Government factories or workshops for American equipment. Similarly with individual issues of rations and clothing. We can, however, adopt well known *per capita* rates for such issues which will give us information concerning reciprocal lease-lend should we ever require it. The main goods and services which we have been supplying to the American forces in India are buildings (office and residential), airfields, rations, clothing, ordnance and medical stores, transportation, telecommunications, dock, port and harbour facilities, and ship repairs. Reciprocal lease-lend is confined to the direct needs of the American forces actually stationed in India. Well, Sir, I have taken some time in order to give as complete information as we can on the subject, because there has been some criticism and some charge of secretiveness on the part of Government in dealing with it.

I will now turn for a moment to another subject and that is the estimates of our taxation receipts. I will not at this moment deal with the criticisms of the taxation proposals because I assume that there will be some further discussion on those when we come to the clauses and the Bills which deal with them. But I feel that I must deal with the estimates which Sir Cowasjee Jehangir permitted himself to make of Excess Profits Tax outstanding and I think that was to some extent supported by another Honourable Member from Bombay. I can only say that we have gone into the matter with some care, we have compiled materials from our local reporting officers and although the matter is one of some difficulty, I am not prepared to accept Sir Cowasjee Jehangir's estimate.

Dr. P. N. Banerjee: Then how much will it amount to?

The Honourable Sir Jeremy Raisman: I have stated what our estimate is. I gave the estimate at 40 crores for Excess Profits Tax.

Dr. P. N. Banerjee: Will it not amount to 50 crores?

The Honourable Sir Jeremy Raisman: I have stated what our estimate is. I gave the estimate at 40 crores for Excess Profits Tax.

estimate these receipts on the best information available to us, but I can understand that much of what the Honourable Baronet from Bombay said is reconcilable with our view also. The position is that companies are aware from the progress of their own business what amounts they are likely to have to pay by way of Excess Profits Tax and they may even set aside a sum reserved for that purpose. But it may be many months before they are liable to be called upon even to make a return, it may be some weeks or even months before any assessment can be made of these profits. They may again avail themselves of the opportunities for appeal and the date when that tax will be collected may very well be 18 months or even two years after the time when they first became conscious in their own minds that it would be prudent to set aside a certain sum for Excess Profits Tax. However, that is not to say that we are not conscious of the necessity of making every effort to shorten the lag between the time when that tax revenue becomes available and the time when we should collect it. I also have in mind another suggestion, which we have previously considered, the suggestion which was put forward by my Honourable friend, Sir Vithal Chandavarkar, regarding tax reserve certificates. We have more than once considered that and in the circumstances of the time when we considered that device which has been adopted in many countries, we thought that, on the whole, the balance of advantage lay in not adopting it but I have always had an open mind on the question and I propose to consider it again because it is possible that in the present circumstance, the advantages will outweigh the disadvantages.

I now proceed to attempt to deal with some of the criticisms about our proposals on the subject of sterling balances. In the first instance, I would make a few observations regarding the pensions scheme. I expected there would be some criticisms of this from what I might call the political angle. It is unfortunate that a scheme which in my considered judgment is very greatly to the advantage of India should turn on a matter which has certain political aspects and has a certain history. I have repeated and I have said more than once that there is no question of seeking for any further safeguards for individual officers. There is no question of any mistrust of the future Government of India in this matter. I have no doubt that should the time arrive when it will be necessary to consider safeguards for individual officers in this respect, the matter will receive consideration at that time on its own merits. This stands on an entirely different footing. It is a measure of a purely financial character; it is designed to alleviate some of the disadvantages which are felt to arise from the existence of what are called surplus sterling balances. I may say that I have been regarded in some quarters as having made the mistake of treating the whole of our sterling balances as though they were free for that purpose and were not needed as a backing for the currency of India. I have not made that mistake and that was why I used the expression "surplus sterling balances" because I was referring only to such quantities of the sterling balances as would be found to be in excess of the requirements of what I may call the "currency reserve".

Now Sir, my Honourable friend Sir Gowasjee Jehangir—and I regret that he is not here now—criticised the pensions scheme from the point of view of the method of raising the rupee finance. He said that it would result in a loss because the rate at which we would have to fund the obligations in India, the rate at which we should have to pay interest on the rupees raised, would be higher than the rate of interest which we could hope to receive from His Majesty's Government on this investment. I do not think that that criticism is valid. In the first place, I would point out that the scheme does not involve the raising of any new money. The sterling balances which would be utilized would be the sterling balances which have been accumulated in the past. In the second place, I would point out that the scheme is essential for the raising of the rupee finance. I repeat that, that the Government are not going to raise any new money every year to meet a

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s and so on. For that obligation, they make provision every year in their budgets. Therefore, ultimately the whole of the rupees necessary to liquidate the item will have been forthcoming from the annual budgets of the Central and the Provincial Governments so that the scheme is essentially self-liquidating and would after a period have completely served its purpose. I do not agree.

Sir Cowasjee Jehangir that the problem of funding the rupee finance would involve us in a loss. It is true that in the first place we should properly have to carry this obligation by *ad hoc* treasury bills in the same way as done with the repatriation of other sterling debts. But in course of time and as opportunity offers we should naturally convert it into funded debt. I have no reason to think that we should be unable to complete the whole series of transactions on terms which would avoid any loss.

Now, Sir, to the second proposal which I put before the House regarding the use of these sterling balances and the House will observe that I deprived them here of the opportunity of charging us with having faced them with it *accompli*, because it is in the nature of a proposal and I did use language which showed that it was merely at the stage of being a scheme which was under consideration. Before I deal with the idea of a Reconstruction Fund, I have something to say on the general question of reconstruction in regard to which many Honourable Members have made enquiries and particularly my friend, Sir Frederick James, and my friend, Mr. Hooseinphoy Lalljee, asked to know what Government contemplated in regard to reconstruction.

The House, I think, is aware, or, at any rate, it has previously been brought to the notice of the House, that a Reconstruction Committee was set up—I think it was in the middle of 1941—under the chairmanship of Sir Ramaswami Mudaliar, the Commerce Member at that time. It was subsequently decided to set up a Central Co-ordination Committee and four other Committees to deal with special aspects of the problem all under his chairmanship, and a Consultative Committee of Economists was also appointed. Partly owing to the war situation and also to Sir Ramaswami Mudaliar's transfer to England and the absence of Sir Theodore Gregory, Economic Adviser, for a considerable period, the work of these Committees has not proceeded very far. Meanwhile, as Honourable Members have pointed out, the stage has been reached at which, in several countries the Government is having to turn its mind more and more to reconstruction and it has been recognized that even at this stage of the war it is essential to begin to lay the foundations of the system which will obtain in those countries after the war. The Government of India is acutely conscious that reconstruction has become an urgent matter, that as to be dealt with now, and they have decided to take up the matter at the highest level. They have decided that reconstruction should be dealt with by a Committee of the Executive Council in the same way as the gearing up of the war effort was dealt with by the War Resources Committee of Council. His Excellency the Viceroy will be naturally the President of the Committee as he is of the War Resources Committee, but the Deputy President will be my honourable colleague, Sir Jwala Prasad Srivastava, and he has been asked to undertake the responsibility of presiding at all ordinary meetings. I trust he may later in the Session have an opportunity of giving further details about the proposed organization and I do not want to anticipate what he may have to say.

**Dr. P. N. Banerjee:** Is the Committee going to be reconstituted?

**The Honourable Sir Jeremy Raisman:** The intention is that non-official liaison with the question of reconstruction should be maintained as in the past and the Committee which my Honourable friend has in mind, I think, making this question will continue on the same footing as at present. I did refer to him of the constitution of that particular committee—its name was the Internal and International Trade Committee, and I think it was originally to deal with agricultural policy. But subsequently it was widened to deal with general policy and as that was quite sufficient

**Mr. Jamnadas M. Mehta:** The proposed Jwala Prasad Committee will be a new one?

**The Honourable Sir Jeremy Raisman:** The Committee over which my Honourable colleague, Sir Jwala Prasad Srivastava, would normally preside will be a Committee of the Executive Council comparable with the War Resources Committee, but there will be various sub-committees of that committee and these committees will be presided over by the Honourable Members in charge of the subjects most directly affected and in those committees the question of association with non-official representatives will naturally arise and one of those committees will be the same committee dealing with internal and international trade, regarding the meeting of which some observations were made in this House and about which I shall have a little more to say in a moment. All I wish to say at present is that reconstruction is essentially a work of the whole Government. It cannot be a question for a single department to be set up. You cannot set up a department and put in a Secretary or so on and say "go ahead, you are the Reconstruction Department". The work of reconstruction, like the war effort itself, can only be carried on by the whole Government, and, therefore, reconstruction activity is essentially an activity of co-ordination of all the existing Departments of Government. In that respect it is closely comparable to the War Resources Committee which also acted, and I may say has acted most successfully, as the machinery for co-ordinating the various departments of Government in gearing up and directing the war effort. Naturally as the end of the war approaches—we hope the approach will be early and victorious—the war activities of Government will tend to become less and the reconstruction activities of Government will tend to increase but the whole Government will have to direct its efforts in that line. The Committee of Council will have a permanent secretariat of the same type as the War Resources Committee, but Sir Theodore Gregory, Economic Adviser to the Government of India, will be an *ex-officio* Secretary to the Committee and will be closely associated with all aspects of the work. I would also remind the House that he, in turn, has got a Consultative Committee of Economists under the existing reconstruction scheme and that feature will continue in this new reconstruction set-up. I think I have made clear now what the nature of Government's intention is in this respect and the suggestions which have appeared in the press that it would be dealt with by a separate department are not correct.

**Mr. Hooseinbhoy A. Lalljee:** What would be the position of Indians in the negotiations going on in England and America with regard to this matter?

**The Honourable Sir Jeremy Raisman:** Well, I was going to come on to that point in a moment. I was dealing with reconstruction and not with the Reconstruction Fund. I come back to the second proposal concerned with the sterling balances.

**Mr. Hooseinbhoy A. Lalljee:** I am asking about the reconstruction scheme now being discussed between Great Britain, America and the other Allied Nations.

**Mr. Jamnadas M. Mehta:** Post-war reconstruction.

**The Honourable Sir Jeremy Raisman:** I will talk about that in connection with the Reconstruction Fund idea. My object in giving the lay-out in regard to reconstruction as the Government now sees it was to draw attention again to the particular committee which deals with internal and international trade and to corroborate what was said by my Honourable friend Sir Frederick James that we actually did have a meeting of that committee recently.

There has been a good deal of misunderstanding about the suggestion thrown out in the Budget speech regarding a Reconstruction Fund, and I should like to bring two aspects of the matter to the attention of the House. In the first place I want to draw the attention of the House to the fact, for it is a fact, that there will be a great deal of capital goods after the war. There will not be a great deal of capital goods which will not be anxious to repair and reconstruct on a large scale as a result of the war and post-war and obsolete capital goods which will be replaced by new capital goods.



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be so great that some kind of control over the capital goods producing industries will be inevitable so as to avoid the wild scramble which would otherwise be unavoidable. In these circumstances, it seemed desirable to us that we should know well in advance what our capital requirements are likely to be, so that we could initiate discussion with other Governments, and not find ourselves forced to submit to delays in our own reconstruction effort, which might have serious consequences on employment and economic conditions generally. It was with these guiding ideas in our minds that the then Commerce Member and I decided to have a meeting of the Reconstruction Committee on international trade and agricultural policy, at which the Economic Adviser set forth the position which I have just outlined. As a consequence of the discussion which then took place, and in which several Members of the legislature participated, it was decided to set up certain technical sub-committees to study the probable requirements of industry more fully. I may add that it is our intention to call an early meeting of the Reconstruction Committee on Public Works with a view to preliminary discussion of the capital goods requirements in Provinces and States. It is quite true that at that committee no formal reference was made to the creation of Reconstruction Fund, but there was no doubt whatever in the minds of the Members that the necessary finance would, in accordance with some scheme, be forthcoming. Secondly, I must observe that the segregation of part of our sterling assets into a separate fund to be used for reconstruction purposes, whilst it would serve the useful purpose of making quite clear what Government's intentions are, and perhaps also make it less easy to divert funds to other purposes, is not an absolutely necessary feature of the scheme. The important point is that we should know what we want well in advance. Whether or not funds are segregated is a secondary matter altogether, so long as the funds are available; and I would not hesitate to abandon the idea of a segregated fund if that were to be misunderstood. I would like to repeat that. It was not necessarily my idea that a part of the sterling balances should be removed from the Issue Department of the Reserve Bank. It might be found to be equally effective to determine what was the amount of those balances which should be regarded as ear-marked or as required for post-war reconstruction.

A good deal has been said about the desirability of being able to purchase capital goods not only in Great Britain but also elsewhere, and I shall have more to say on this point in a moment. But I do wish to impress upon the House that the capital goods market will, in the post-war world, be a sellers' and not a buyers' market for a considerable period of time. I think it will be found when the matter is closely examined that factors such as priorities and the ability to deliver within a certain period of time will be more important than pure price considerations, just as they have been more important during the war activities which have resulted in the emergence of the sterling balances. However that may be, I am quite conscious of the anxiety which has been expressed in many quarters, both inside and outside this House, lest the position of sterling after the war may be such that it will not be readily available for purchases outside the United Kingdom itself. I am bound to point out that in any case those who express these fears overlook the circumstance that the sterling area is very much wider than the United Kingdom itself. But though it is quite true that there is a problem, I believe that Honourable Members are unduly apprehensive on the subject for reasons which I will now mention.

It will be clear to Honourable Members from recent messages from London which have appeared in the daily press that both the British and the American Governments have been pre-occupied with the future world monetary system. So far as the Government of India are aware, official conversations have not yet taken place between the two Governments and no agreement has, therefore, been reached, or even approached. Until the final stage is reached, it would hardly be possible for India to give positive and final assurances on the subject of its future monetary position, or of the manner in which it will be able to

monetary organization into which it will be fitted. But there are indications, of which the recent press reports give proof, that the aim of the two Governments is the creation of a monetary system which will permit of multi-lateral clearings and so will afford to holders of one currency the opportunity of free exchange into other currencies. In order to make the position quite clear and to avoid possible misunderstandings, I should inform the House that when I visited London last summer I became aware of the fact that the experts there were engaged in formulating certain tentative schemes of monetary policy which, although so far as I know, they had not received the imprimatur of His Majesty's Government, it was hoped to submit at some future date to the Government of the United States in order to see how far they would commend themselves to expert American opinion. Later in the autumn—and that is a point to which my friend, Mr. Hooseinbhoy Lalljee, referred when he was mentioning Mr. Eden's remarks on consultation—it was decided to call a meeting of expert representatives of the Dominions and India of a purely preliminary and exploratory nature; and for that reason the necessity for strict secrecy was enjoined on all the participants. India was represented by Sir Ramaswami Mudaliar and Sir Theodore Gregory. No decisions were asked for and no Government commitments of any kind were entered into either by the representatives of India or the Dominions. Indeed from that day to this, no request, formal or informal, has been made by His Majesty's Government in this regard, and the Government of India stand committed in no way whatever to any of the schemes which appear to be under discussion. I hope that that will give my friend, Mr. Hooseinbhoy Lalljee, the information which he desired.

Now, I have done what I could to dispel the suspicions which appear to have been aroused by the mention of a reconstruction fund, and I have even gone so far as to say that if you do not like it there need be no separate fund at all. All that I do suggest and hope Honourable Members will consider with an open mind is the desirability of attuning our minds to the necessities of post-war reconstruction.

**Dr. P. N. Banerjee:** There is no difference of opinion on that.

**The Honourable Sir Jeremy Baisman:** I am glad to see that that is a point on which there is no difference of opinion—and in the achievement of that purpose obviously some part of the sterling balances which India now holds will have to be employed.

I come now to the question of currency expansion and prices, and I hope that I shall not detain the House very long. I wish to make it quite clear that the Government of India do not entertain any complacency on the subject of currency expansion. I think that anybody who read my speech carefully would realise that I was under no illusions on that matter. I was, however, concerned to controvert the point of view which was not only held by certain professional economists, but which was being put forward in a manner which, in my opinion, was highly deleterious to the economic condition of the country. I can only use the phrase that in one part of the country people were "talking themselves into an inflation," and this was suiting the purposes of certain speculators extraordinarily well, and that psychology still prevails to some extent. I was so disturbed by what was happening that I felt it extremely important to try and present a balanced picture of the position, and here I would like to say, if I may, that my Honourable friend, Dr. Banerjee, seemed to me this morning, to strike exactly the right balance in relation to this difficult question. It is a matter on which one may easily be an alarmist and, by introducing undesirable psychological elements, may create doubt. On the other hand, it is a matter in regard to which there is no room for complacency, and which is under constant consideration by the Government. But there is one point regarding which I would like to mention the remarks made by my Honourable friend, Mr. Hooseinbhoy Lalljee, and that is, that in the present emergency, the poor man has to be protected against the effects of inflation, as shown by the figures of withdrawal from the Government's cash certificates. Now, that is a point which is of great importance, and the inferences which may be drawn from the figures of savings bank accounts and



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the cash certificates during the war is different from that of my Honourable friend. We have found that the periods of maximum withdrawal coincide, not as might have been expected, with periods of high prices or what you might call distress periods, but almost invariably with periods of loss of confidence owing to bad war news. There was a big withdrawal at the very beginning of the war; there was, as might be expected, a very heavy withdrawal after the collapse of France in 1940; there was again a heavy withdrawal after Japan came into the war and after the events of Malaya and Burma. On the other hand, we have found that even in periods when the cost of living was rising, provided the war news was good, the money came in. In the month of February for instance, there was a net deposit of 81 lakhs—I mean net after allowing for withdrawals, which is the best result we have had since the beginning of the war; and that shows that it is the progress of the war and confidence in victory which determines whether the small savings shall be larger or less.

**Mr. Jamnadas M. Mehta:** Why do you still provide for two crores of withdrawals this year? The prospects of war are certainly better, still you have provided for two crores less.

**The Honourable Sir Jeremy Raisman:** That may be. I mean at the period when we make the estimate we have to make a guess; but our estimate is not the point; the progress of actuals is a much more important thing. My guess is just as good or as bad as Mr. Jamnadas Mehta's. It depends on withdrawals during the year.

**Mr. Jamnadas M. Mehta:** Do you fear bad times hereafter? Why was it 49 crores last year and why have you provided in the Budget for two crores further reduction?

**The Honourable Sir Jeremy Raisman:** Two crores was a good result, compared with some of the results in previous years.

**Mr. Jamnadas M. Mehta:** Reduction still!

**The Honourable Sir Jeremy Raisman:** But our experience in this year, at any rate, so far has been favourable.

I am not going into details about the position of the agriculturist. We have made some examination of such indices as are available in regard to that but they are sufficient to satisfy us that the position of the agriculturist is definitely much better than it was before. There is no question but that a certain proportion of these high prices is making its way permanently to his advantage—I have no doubt whatever about that. It is true that a portion of his advantage is offset by the higher price of the manufactured goods, mainly cloth, which he has to buy. When you analyse his position, you will find that with the increase in the cost of what he sells, of his products, the lighter incidence of his fixed charges, namely, rent, land revenue, what he has to pay to the money-lender—the lighter incidence of his fixed charges on his increased income undoubtedly leaves him far better off than he was before.

I would like to say a few words about the subjects dealt with by my Honourable friend, Sir Vithal Chandavarkar. I am sorry that I shall not be able to deal in much detail with this matter as I do not wish to detain the House for more than a few minutes longer. But I welcomed many of the observations made by my Honourable friend because I saw that his mind was running on lines very similar to my own. But I find in his case as in the case of so many others—he said in regard to the question of bonuses, for instance, "I do not blame the employers, I do not blame labour, I blame Government." Why? Why, in relation to these extremely difficult questions when we can make so little progress without the assistance of everybody and every turn of public opinion, why should everybody take the easy line themselves and turn round and blame the Government? This is a way there are thousands who must be taken on a very wide front, and unless every section makes its contribution to the solution of these problems, we shall not be able to solve them.

Government, I do not blame the millowners, I blame labour. Where does that get you? The point is, we are all concerned to deal with this problem and there should be a resistance of pernicious tendencies in every direction.

**Sir Vithal N. Chandavarkar** (Bombay Millowners' Association: Indian Commerce): May I interrupt the Honourable Member for a minute? We resisted the request of the Bombay Government for a period of eight months. I request the Honourable Member to ask for an explanation from the Bombay Government and not from me.

**The Honourable Sir Jeremy Raisman**: I am talking of recent developments in regard to this matter.

I think I have made it clear to my Honourable friend that I was not casting any aspersions on Indian economists when I made the remarks I did, so that I will not touch on that matter again. But I am very interested in what he said about the question of compulsory savings. That is a matter to which I have given a good deal of attention, and the Government have by no means said their last word on that subject. But I understood Sir Vithal Chandavarkar to deprecate an approach to this matter by way of a restriction of dividends. I find that rather difficult to reconcile or to understand. In my opinion, the action to be taken on this front must include action in relation to dividends as well as to bonuses and all other forms in which increased purchasing power is handed out, whether to the employing classes, or the investing classes, or labour.

**Sir Vithal N. Chandavarkar**: I said my proposals would lead to the restriction of dividends and to that extent they would achieve both the objects.

**The Honourable Sir Jeremy Raisman**: It seems to me that it may be that the most practical approach to this matter would be by restriction of dividends accompanied by a provision for compulsory saving. I may assure my Honourable friend that this is a matter which, although it was not ripe at the time of the Budget, is engaging my very close attention.

Sir Vithal Chandavarkar touched on the cotton position in Bombay. I must say that I have rarely seen a more disgusting and depressing spectacle than that which has been provided by the Bombay cotton market in the last few days. Here is a commodity which is vital to the poor of the country, is vital to the war effort, and as far as I can see, there was absolutely no reason whatever, except the purest gambling and speculation, for running the prices of this commodity up to the levels which it had reached. I want to assure Honourable Members that Government do not regard that sort of thing with complacency. I want to say to the speculators and profiteers in Bombay that if they indulge in this type of action, they will find that Government will mobilise the whole of its resources in order to defeat and crush them. Look at what has happened as a result of this manoeuvre. They have not only made it difficult for us to provide cheap cloth for the poor man, but they have introduced a serious obstacle in our programme of crop planning to secure the food production which we need in order to solve the food problem. In fact, they have acted in the most anti-social way they possibly could. It is nothing less than economic sabotage. I assure the House that the Government is certainly not going to take that kind of thing lying down and that they will take the most drastic action which is in their power to counteract and neutralise things of that kind.

**Maulana Zafar Ali Khan**: Will my Honourable friend assure us that he will introduce the Beveridge plan in India?

**The Honourable Sir Jeremy Raisman**: I am afraid the Beveridge plan does not come in here.

**Maulana Zafar Ali Khan**: You are a convert to socialism.

**An Honourable Member**: This is only for Bombay.

**The Honourable Sir Jeremy Raisman**: I am free to admit that in the period since my Budget was presented I have learnt a lesson from the behaviour of the markets. If the speculators think that I have said my last word on February the 15th, they may find that they are very badly mistaken.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is







